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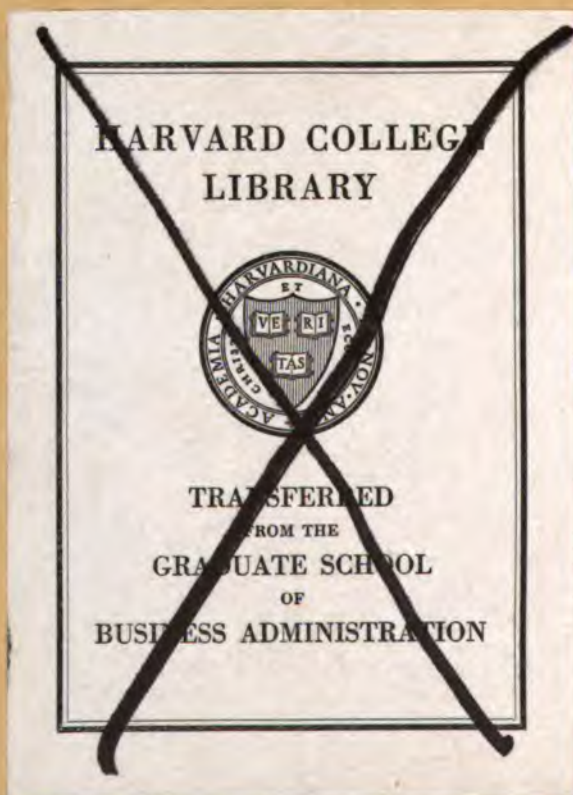
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TENTH ANNUAL REPORT

OF THE

**PUBLIC SERVICE COMMISSION  
OF OREGON**

TO THE

**GOVERNOR**



DECEMBER 15, 1916



TENTH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE COMMISSION  
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SALEM, OREGON :  
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# TENTH ANNUAL REPORT

To the Governor :

Sir: The Public Service Commission of Oregon submits herewith its Tenth Annual Report as required by law.

There has been no change in the scope of the jurisdiction of the Commission since its last report, but its jurisdiction was questioned in connection with complaints filed, as more fully set forth elsewhere in this report under the heading of "Litigation," with reference to the petition of Central Oregon Irrigation Company Water Users' Association vs. Central Oregon Irrigation Company, the application of the Western Telephone Company of Woodburn for authority to increase rates, and in the City of Dallas water case, which was referred to in our Ninth Annual Report, Page 7.

## ORGANIZATION

Commissioner C. B. Aitchison was elected Chairman January 3, 1916, and resigned June 12, 1916, to become solicitor for the Valuation Committee of the National Association of Railway Commissioners, with headquarters in Washington, D. C. H. H. Corey, who was nominated at the primaries May 19, as candidate for Commissioner from the Eastern Oregon district, was appointed June 12, 1916, to succeed Commissioner Aitchison, following which the Commission was reorganized by electing Thomas K. Campbell, chairman, and Edward Ostrander, secretary. H. H. Corey was elected Commissioner from the Eastern Oregon district and Fred G. Buchtel was elected Commissioner from the Western Oregon district at the November election, this year, to assume the duties of office January 1, 1917.

## COMPLAINTS BEFORE THE COMMISSION

The total number of formal complaints filed during the year 1916 was ninety-two, compared with 130 in 1915. Seventy-two of the new matters were in the railroad division and twenty were utility matters. New informal railroad complaints were 242 in number, against 263 in 1915, while informal utility complaints decreased from 204 in 1915 to 165 in 1916.

## INFORMAL COMPLAINTS

There were handled during the year 259 informal railroad matters of sufficient importance to justify docketing; 242 filed during the year and seventeen pending at the time of the last report. Adjustment of 183 was secured informally, nine were transferred to formal or other position, two were carried to the Interstate Commerce Commission, five were dropped for lack of jurisdiction, fourteen were discontinued because of disinclination of plaintiffs to pursue to a conclusion, fourteen were dismissed as not well founded and thirty-two are pending.

Of the new complaints, 187 were filed by individuals, companies or associations, 18 were investigations on the Commission's own motion and 37 originated with the carriers. Complaints dealing with service that were handled informally numbered 70, while rates were involved in 78, depot or track facilities in 24, farm crossings in 18, hazards 29, fires 1, fencing 14, train warning 6, stock claims 3, claims for loss and damage or overcharge 57, miscellaneous 3.



Of informal utility matters 200 were handled, 165 of these were new and 35 pending at date of last report. Informal adjustment was accomplished in 160; 2 were transferred to other docket positions, 4 were discontinued because plaintiffs were disinclined to pursue them further and 34 are now pending.

Electric rates for light and power were involved in 19 informal utility matters, electric service in 21, gas rates or service in 23, water rates or service in 11, street railway fare or service in 7, telephone rates in 21, telephone service in 47, telegraph rates or service in 1; hazardous wiring conditions in 60. Of the new informal utility matters, 111 were filed by individuals, corporations or associations and 45 were taken up on the Commission's own motion and 9 were filed by utilities.

### FORMAL COMPLAINTS

Classified according to the subject matter, 15 formal railroad complaints concerned rates, 4 were service matters, 4 station and track facilities, 1 appropriation of county highway by a railroad, and 48 were crossing matters. Fifty-three formal hearings were held, 72 matters were closed and 23 are now pending.

In some instances it was possible to consolidate cases for the purpose of hearing.

Formal utility complaints, similarly classified, show 15 dealing with rates, 11 with service and one with a hazardous condition; 11 related to telephone utilities, 3 gas or electric and 6 were water. Twenty-five formal hearings were held, 21 complaints were closed and 27 are pending. In some cases, such as valuation matters, more than one hearing was necessary.

The following may be mentioned as among the more important cases disposed of in whole or in part during the year:

U-F-47. Preliminary findings of fact in the matter of the valuation of properties of the Portland Railway, Light & Power Company for the purpose of determining rates for electric lighting, power and heating services. The Portland Railway, Light & Power Company served sixteen cities and towns in this State with light, power and heat and city and suburban street car and electric railway facilities. Its operations also extend across the Columbia River into the State of Washington. It is the largest public utility from the standpoint of investment in property in this State, rendering diversified service. The next step in this case after the valuation for rate making purposes has been established is to properly adjust the rates for the different classes of service rendered by this utility.

U-F-131. McMinnville Local and Long Distance Telephone Company vs. Pacific Telephone & Telegraph Company, Amity Mutual Telephone Company, Yamhill County Mutual Telephone Company of Dayton, Oregon, Sheridan Mutual Telephone Company and the Yamhill Mutual Telephone Company. This action was brought by the McMinnville company for a general adjustment of local and long distance rates.

U-F-117. This involves the valuation of all the properties of the Pacific Telephone & Telegraph Company in this State and a general adjustment of exchange and long distance toll rates and service in practically every city and town in the State. The inventories of the properties of the telephone company have been submitted to the Commission. These inventories are being checked and further hearings are to be had thereon at later dates.

The Commission has issued an order concerning certain service and other matters and has abolished a previous rule of the utility under which deposits were required before service was rendered and ordered the utility to refund deposits previously exacted; fifteen days' notice was also required to be given before service could be disconnected for non-payment of bills.

F-474. Regulations applying to new construction were issued governing side and overhead clearances on railroads and street railways for the purpose of insuring greater safety to employes and others in the operation of these utilities. Many hazardous conditions previously existing in old construction have been removed as the result of informal proceedings.

F-491. On application from the Southern Pacific Company, the Commission permitted the establishment of certain rates between Portland and Coos Bay points on the Willamette-Pacific & Coos Bay, Roseburg & Eastern branches of the Southern Pacific Company, to enable the applicant to meet competition by water carriers, which were somewhat lower than those applying to and from intermediate points not subject to water competition.

F-516. Investigation by the Commission on its own motion of facilities of the Southern Pacific Company for the loading and transportation of freight in carload lots and otherwise in the State of Oregon. This proceeding was instituted following numerous complaints of shippers. A car shortage had existed with more or less severity on the lines of the Southern Pacific Company for more than a year prior to the investigation. Certain recommendations were made by the Commission which we are assured by the carriers are followed as closely as possible under the prevailing conditions. This Commission took up by wire with the Interstate Commerce Commission the question of relief through enforcement of the rules of the American Railway Association. The Interstate Commerce Commission replied that it was without power to enforce the rules referred to. A hearing on the subject of car shortage generally was held by the Interstate Commerce Commission, which, among other things, resulted in the amendment by the American Railway Association of its rules under which cars are interchanged between carriers and penalties provided, which it is hoped may result in the prompt return of cars of western line ownership. Sufficient time has not elapsed for the western roads in this section to receive any substantial benefits from the change made in the rules of the American Railway Association. The car situation is somewhat easier than it was a month ago, particularly on the lines of the Southern Pacific Company, due in a measure to new equipment ordered by that company about a year ago which is now being received and placed in service.

F-463. This proceeding was brought by shippers on the lines of the Willamette Valley Southern Railway for a physical connection at Mt. Angel between the tracks of the Southern Pacific Company and the Willamette Valley Southern Railway Company for the free interchange of freight traffic. A hearing was held at which it developed that a more practical point for the interchange of traffic between these two lines was at Liberal, a short distance from Mt. Angel. It was therefore agreed that if the carriers would establish a physical connection at Liberal, the interests starting the proceedings for a connection at Mount Angel would withdraw them. The Liberal connection was later made and placed in operation and the proceedings for a connection at Mount Angel dismissed.

F-522. On application of the Southern Pacific Company the Commission allowed applicant to establish certain rates and minimum carload weights on sugar in carloads from Grants Pass to Portland and East Portland, to place the refinery at Grants Pass on a parity with refineries in California, permitting the application of greater rates to intermediate stations with prescribed maximums.

F-506. A reduction has been made in the rates on milk and cream by express in the eastern section of the State for the purpose of encouraging the dairying industry and to equalize rates in Eastern Oregon with those in effect elsewhere in dairying districts.

### DEMURRAGE HEARING AND RULES

F-528. In connection with the car shortage hearing, it developed that some detention to railway equipment might be obviated and equipment made more easily available for loading if certain changes were made in the order of the Commission providing rules and regulations relating to demurrage charges on cars used for intrastate freight. A hearing was held which was well attended by representatives of carriers and shipping interests generally.

Following the hearing the Commission's order was revised and a graduated basis for demurrage charges established in lieu of the flat rate of two dollars per day regardless of the number of days cars were detained for loading and unloading. The graduated charge reaches the statutory limit of \$4.00 per day, as provided by Chapter 294 of the Laws of 1913, the third day after the free time of forty-eight hours which shippers are allowed to load and unload the cars without demurrage accruing. The average agreement rule was revised so as to permit of application of credits on cars which were held three days after the free time only. The old rule permitted credits to apply on cars which were held five days after free time, or a total of seven days including the free time.

These rules are now before the carriers and are to become effective January 1, 1917.

Many important matters have been disposed of by conference or correspondence without formal or informal record being made. Through distance tariff rates have been established in this manner, between the main and branch line stations on the lines of the Southern Pacific Company, including the lines taken over this year by that company which were previously operated separately. These lines include the Portland, Eugene & Eastern Railway, the Pacific Railway & Navigation Company and Corvallis & Eastern Railroad Company. Rates were previously made by adding the distance tariff rates of the separate companies.

The jurisdiction of this Commission so far as the elimination or separation of railway and highway crossings are concerned, does not extend over old construction, but informally by conference or correspondence, a number of railway and highway crossings which have existed for many years, have been eliminated and better protection obtained for many hazardous crossings by the establishment of warning bells or other means.

Railroad and utility accidents, attended with loss of human life or limb, or with serious injury to person or property, are investigated and recommendations made. Clearances, both electric and railway are constantly under supervision and recommendations are made concerning old construction looking to greater safety in operation. New construction is required

to conform to the rules and regulations of the Commission. Conferences have been held and extensive correspondence had looking to a statewide survey of crossings of railways and highways.

The Southern Pacific Company in August of last year established a system of block signals for its track between Jefferson street, Portland, and Oswego in accordance with the recommendations of this Commission, following an accident which occurred on that division, which, in the opinion of the Commission, could have been avoided had a system of block signals been installed.

### INTERSTATE COMMERCE COMMISSION VALUATION

The Interstate Commerce Commission, Valuation Division, is now at work in this State on the valuation of railways. We are advised considerable progress has been made and have been called upon for and have furnished a large amount of data collated in connection with valuation proceedings of this Commission.

The valuation of the properties of the Oregon-Washington Railroad & Navigation Company and the Oregon & California Railroad Company was completed by this Commission in 1913, and since that date we have required from the carriers a complete statement of additions and betterments from year to year.

The State of Oregon is therefore very well prepared to check the work of the Valuation Department of the Interstate Commerce Commission and this Commission has supplied Mr. C. B. Aitchison, formerly a member of the Oregon Commission and at present solicitor for the Valuation Committee of the National Association of Railway Commissioners, such data as will enable him to aid in carefully safeguarding the interests of this State when the hearings are called by the Interstate Commerce Commission in connection with the valuation of railway properties in Oregon.

### THE NEW RAILROADS AND UTILITIES

Railroad construction in the State of Oregon during the past year compares favorably, in fact, is in advance of, such construction in many states.

The Southern Pacific Company completed and put into operation this year its Coos Bay Line extending from Eugene to Marshfield, North Bend, Myrtle Point and Powers, the new construction consisting of 118.3 miles.

The O.-W. R. & N. Company completed construction of its Eastern Oregon line to Crane, Oregon, a distance of 127 miles.

The California & Oregon Coast Railroad Company completed and put into operation this year fifteen miles of its proposed lines from Grants Pass, Oregon, to Crescent City, California. We are informed that plans have been completed for building forty more miles of this line in the near future.

The Portland & Oregon City Railway Company has about fifteen miles of road in operation between Portland and the Clackamas River.

The Valley & Siletz Railroad Company has about thirteen miles of its road completed between Independence and the Siletz Basin.

Plans have been made for the construction of a railroad from Roseburg, Oregon, into the heavily timbered section of Douglas County and such work is now under way.

Other and large plans are being made for extensive railroad construction in Eastern Oregon to connect South Central Oregon with three large railroad systems.

### LITIGATION

The recent decision of the Supreme Court of Oregon in the Woodburn Telephone case leaves but two important cases now pending in the courts.

The Albany physical connection case involves the connection of the tracks of the Southern Pacific Company with those of the Oregon Electric Railway Company and is pending in the United States District Court. This case is to be heard at an early date or as soon as the required number of judges can give it attention.

The Dallas water case has been argued in the circuit court for Marion County and is now submitted.

A decision upholding the order of the Commission was rendered by the Supreme Court in the Woodburn telephone case.

### CENTRAL OREGON IRRIGATION CASE

U-F-151. October 20, 1915, complaint was filed with this Commission by the Central Oregon Irrigation Company Water Users' Association and served on the Central Oregon Irrigation Company. Case was set for hearing at Bend, January 17, 1916. January 15, 1916, Justice Bean of the Supreme Court of Oregon signed an order, requiring this Commission to show cause on January 23 why it should not be restrained from assuming jurisdiction. In the decision subsequently rendered, the Supreme Court of Oregon decided that it could not take original jurisdiction in this case and a subsequent action was brought by the Central Oregon Irrigation Company in the circuit court for Marion County, seeking to restrain the Commission from further proceeding. The case was heard in the circuit court and the injunction dissolved. The Commission then reset and heard the case and the matter is now fully submitted.

### SHASTA ROUTE ARBITRARY CASE

This is a case brought by the Public Service Commission of Washington vs. Alabama & Vicksburg Railway Company, et al., Public Service Commission of Oregon, intervenors, alleging discrimination in railway passenger fares in that a rate of eighteen dollars greater is charged for the transportation of a passenger from Chicago, Illinois, or points east of there, to Los Angeles or San Francisco, California, and returning to the east via the Shasta Route of the Southern Pacific Company and Portland, Oregon, or Seattle, Washington, than for a similar service from Chicago to San Francisco or Los Angeles, California, and returning to the east via El Paso, Texas, or New Orleans, Louisiana. The case was heard before an Interstate Commerce Commission examiner at Seattle, Washington. Intervening petitions were presented at the hearing from the commercial organizations of several Oregon cities. Argument was had before the Interstate Commerce Commission in Washington, D. C., in October, and a decision of the Commission rendered November 8, 1916, ordering the railroad to remove the discrimination by charging a rate no greater for the service from the east via Los Angeles or San Francisco and returning via Portland or Seattle than for the service from the east via San Francisco or Los Angeles and returning by El Paso or New Orleans. This decision should be of great benefit to the Northwest, as the removal of the discrimination will undoubtedly increase the tourist travel by the northern routes.



**COMPLAINTS SATISFIED WITHOUT AN ORDER**

Matters adjusted subsequent to formal complaint but without hearings being held or order entered:

F-504. Drain train service case.

U-525. Gervais Telephone case.

U-F-147. Crook County—Physical connection of telephones.

U-F-167. Snake River District Improvement Company case.

**PROCEDURE BEFORE COMMISSION**

Although the Commission has been in existence since 1907 and more or less has been published by it on this point, there seems to be more or less misunderstanding as to the manner in which cases are handled by it. In view of this condition, a short explanation in this regard seems to be appropriate.

All complaints which reach the Commission are classified into two classes—formal and informal. The manner in which the complaints are handled is the distinguishing feature between the two classifications. All complaints which do not contemplate the holding of a public hearing and the issuance of an order by the Commission are placed upon the informal docket, and all proceedings in relation thereto are conducted by correspondence, personal investigations, etc., the Commission acting as the mediator through which a settlement may be effected. If these methods fail to bring about a satisfactory settlement of the controversy, and the question involved is one over which the Commission has jurisdiction, the complainant then has recourse by way of a formal complaint, with its subsequent public hearing and the issuance of an order by the Commission. Under the head of informal complaints are handled many complaints involving matters over which the Commission has no jurisdiction, but in regard to which it has been the consistent policy of the Commission to render all assistance possible. Under this head are included claims for loss and damage, misapplication of rates, misrouting, etc., which in the final analysis, if a settlement cannot be effected by the Commission, must be determined in the courts. It is particularly gratifying to the Commission that it has been able to bring about an amicable settlement of so many cases through these informal proceedings.

The proceedings under a formal complaint savor more of a judicial proceeding. Upon the filing of a complaint, it is forthwith served upon the defendant and an opportunity is given for the filing of an answer thereto. No filing or other fees are required. Upon the filing of such answer, or the failure to file an answer, the matter is set down for hearing, and all parties to the proceeding, as well as all others who may be interested, are given such notice as is possible of the time and place thereof. Hearings are usually held in the community where the cause for complaint arises. All hearings are public, and anyone is privileged to appear and be heard on the subject matter under investigation. For sake of orderly conduct, witnesses are usually called and sworn, although where they are conducive to a clearer understanding as between the parties, or the better enlightenment of the Commission general free and open discussions are encouraged. No technical rules of evidence are observed. In short, the Commission endeavors to ascertain all the facts and circumstances surrounding each particular case, and formality, or informality prevails as

will most assist to that end. Personal inspections of plants and property, and even of communities and particular sections are invariably made by the Commission when such inspections will be of assistance in the determination of questions at issue. Upon a case being submitted, an order is issued in due course, and the matter closed upon the Commission's docket.

The Commission has published, and has available for free distribution rules of practice and procedure which set forth in detail all requirements as to pleadings and contains sample complaints, answers, etc.

On the Commission's staff are experts whose past experience and present employment has to do with a study of operating, construction and service conditions and costs, as well as accounting and rate features, in all branches of utility operations. The services of these experts, when their other work would permit, have been given in a consulting capacity, in the solution of many intricate and technical problems which confront the small utility operator, whose revenues are small and whose operations are such as to preclude the employment of skilled engineers, or rate and accounting experts. In isolated communities, served by small local concerns, the service at best, in many instances, is not entirely satisfactory, owing to poorly designed and constructed plants, and feeling that any assistance the Commission's experts might lend tending to improve such service would be time well spent, the Commission inaugurated the policy above set forth. It is regretted that the volume of work demanding attention prevents more time being given to this feature of the work, insofar as it relates to operating conditions.

### LIBRARY

The Commission has accumulated a library by exchange of annual reports and other means inexpensive, which it maintains at its office in the Capitol, at Salem, composed of a complete set of reports containing all the decisions, proceedings, statistical data concerning railroads and utilities, etc., published by the commissions in the United States exercising jurisdiction similar to that with which this Commission was clothed by the Railroad Commission and Public Utility Acts. In addition, the library contains complete files of various trade journals and publications dealing with the question of regulation, as well as numerous scientific and technical works by various authors. This library is open to the free and unrestricted use of the public, and it is hoped that all persons will feel free to avail themselves of the use thereof.

### RATES AND TARIFF DEPARTMENT

In the tariff department there are now on file complete rate schedules of all railroads, express and sleeping car companies affecting Oregon, both State and interstate, from February 17, 1907, to date; and of all public utilities within the jurisdiction of the Commission from January 1, 1911, to date. The changes in rates made in the usual course of business during the year are very numerous. These changes are examined and all increases scrutinized. Under the law, no charge of any utility may be increased over the rate in effect January 1, 1911, without the consent of the Commission, obtained upon application and hearing as to the propriety of the change. Increases in railroad rates may be suspended by the Commission for a limited period when deemed in the public interest.

This department checks and answers hundreds of complaints and inquiries every year, as to correct rates, classifications, alleged overcharges and the like; and has proven of inestimable value to shippers and homeseekers who frequently come from some small place in the East where there is either no agent or one of limited experience in quoting rates, and who neglects to inform the shipper that there are two rates on household goods in effect; one if he declares his goods not to exceed \$10.00 per hundred pounds in value, the other, sometimes double, when no such valuation is declared, the consequence being that the homeseeker is assessed the higher rate, involving large amounts quite frequently. These shipments are generally from points in other states, therefore not under the jurisdiction of this Commission and the cases must be submitted to the Interstate Commerce Commission after exhaustive correspondence with the railroads to ascertain all the facts. There are several cases of record in which overcharges have been established and refunds secured which have taken over two years to accomplish. It is obvious that these shippers, without the aid of this Commission, would have been unable to pursue their cases to a successful termination, being ignorant of the mode of procedure and the technicalities involved.

There were filed during the year 400 freight and express tariffs, 555 passenger and 44 utility tariffs, besides supplements much more numerous. All told, the tariff file embraces 6,445 freight and express tariffs, 5,361 passenger and sleeping car tariffs, and 628 utility schedules.

It is gratifying to this Commission to know that the Interstate Commerce Commission in its last annual report to Congress has recommended "that Congress fix a limit of three years within which a carrier subject to the Act to regulate commerce may bring action for recovery of any part of its charges, and amend section 16 of the Act so as to provide that if the carrier begins such action after expiration of the two-year limit now prescribed in that section, or within ninety days after such expiration, complaint against the carrier for recovery of damages may be filed with the Commission within ninety days after such action shall have been begun by the carrier, and not after."

This is a matter which this Commission has long contended for and concerning which we had heretofore written our representatives in Congress, stating that we believe that one of the bills pending should be so amended as to definitely describe the duty of the carrier in this respect and fix the time for ninety days in which demands for undercharges may be made.

## RESULTS OF OPERATION OF RAILROADS

### Comparison of 1914, 1915 and 1916 Business.

The results of business of all rail carriers for the fiscal year ended June 30, 1916, may be compared with results of the transportation system in Oregon for the two preceding fiscal years as follows:

	1914	1915	1916
Average mileage operated.....	3,474.58	3,361.98	3,464.87
Operating revenue.....	\$28,370,704.02	\$25,264,293.88	\$27,481,253.46
Operating expenses .....	19,316,794.09	17,387,814.31	19,826,276.57
Net operating revenue.....	\$ 9,053,909.93	\$ 7,876,497.57	\$ 7,654,976.89
Taxes .....	2,152,205.85	2,200,683.27	2,325,382.16
Net operating revenue, less taxes	\$ 6,901,704.08	\$ 5,675,796.30	\$ 5,329,594.73

## RESULTS OF OPERATION OF PUBLIC UTILITIES

## Except Street Railways

The following tabulation gives a summary of the operation of public utilities within Oregon. The details of such operations reported to this Commission are shown in Appendix II to this report. It will be there noted that a majority of the electric, gas and water utilities are including depreciation (as prescribed) in their operating expenses. Taxes and interest are not operating expenses, the latter being a deduction from operating income, or loss, here shown.

	Electric Utilities	Gas Utilities	Telegraph Utilities	Telephone Utilities	Water Utilities
Fixed capital June 30, 1916.....	\$*14,098,350.08	\$*12,949,716.95	\$ 1,060,000.00	\$ 17,879,823.69	\$ *3,162,001.12
Operating revenues.....	4,075,089.54	1,489,316.66	164,661.30	3,033,533.97	350,190.52
Operating expenses.....	1,867,988.04	713,309.75	154,539.62	2,270,977.22	201,246.38
Net operating revenues.....	2,207,101.50	776,006.91	10,061.68	762,556.75	148,944.14
Taxes.....	357,550.54	122,582.86	10,276.55	147,912.74	24,885.88
Operating income.....	1,825,679.08	644,187.81	.....	614,644.01	122,137.25
Operating loss.....	.....	.....	214.87	.....	.....

\*In addition to these amounts and not capable of segregation therein, there is: (a) in Oregon, joint electric, gas and water (and Portland Railway, Light & Power Company street railway) fixed capital installed prior to July 1, 1913, amounting to \$48,353,757.25; (b) joint state, electric, gas and water (and Pacific Power and Light Company, street railway) amounting to \$40,852,858.58.

**RECOMMENDATION AS TO LEGISLATION**

The Interstate Commerce Commission having changed the time for filing the annual reports of carriers under their jurisdiction, making the fiscal year to correspond with the calendar year, for the sake of uniformity, we recommend that Sections 6918 and 6924 of Lord's Oregon Laws, and Section 15 of Chapter 279 of the General Laws of Oregon for the year 1911 of this State be so amended as to make the fiscal year as provided therein for public utilities and railroads operating within the State to correspond with the calendar year.

We further recommend that the date of filing the annual report of this Commission to the Governor be made as of June 30th.

Salem, Oregon, December 15, 1916.

Respectfully submitted,

PUBLIC SERVICE COMMISSION OF OREGON,

THOS. K. CAMPBELL

FRANK J. MILLER

HYLEN H. COREY

Commissioners.

Attest:

EDWARD OSTRANDER,  
Secretary.





## APPENDIX I

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### SUMMARY OF PROCEEDINGS HAD ON COMPLAINT BEFORE THE COMMISSION

**PART I**—Informal, against Railroads or other Carriers.

**PART II**—Informal, against Public Utilities.

**PART III**—Formal, against Railroads and Public Utilities.

## APPENDIX I

## PART I.—INFORMAL COMPLAINTS AGAINST RAILROADS OR OTHER CARRIERS

R-1511.—Considerable progress has been made in the elimination of grade crossings in Douglas County. CLOSED.

R-1512.—Clackamas County made good progress in the matter of the elimination of grade crossings. Change of line of highway eliminating two grade crossings over the tracks of the Southern Pacific Company, a short distance south of Oregon City is nearly completed. CLOSED.

R-1538.—The County Court of Marion County made some progress in the elimination of dangerous grade crossings. CLOSED.

R-1659.—This complaint is pending before the Interstate Commerce Commission. CLOSED.

R-1677.—This complaint is pending before the Interstate Commerce Commission. CLOSED.

R-1719.—The Northern Pacific Railway Company has given consent that application be filed with the Interstate Commerce Commission for authority to make reparation in this case. CLOSED.

R-1889.—Carriers made application to the Interstate Commerce Commission for authority to apply the released rating on household goods in adjustment of overcharge. CLOSED.

R-1890.—Application seeking permission to refund has been submitted to the Interstate Commerce Commission. CLOSED.

R-1960.—Complaint withdrawn. CLOSED.

R-2023.—Complaint adjusted. CLOSED.

R-2055.—Overcharge on slabwood from Rice's Spur to Portland alleged. Plaintiff was requested to furnish further information if he wished the matter pursued further. As no reply was received, it is concluded that a satisfactory adjustment was made by the railroad company. CLOSED.

R-2070.—Overcharge on household goods from Tampa, Florida, to Salem. Interstate Commerce Commission has issued an order to the Seaboard Air Line, authorizing refund of \$177.00 and waiving undercharge of \$18.00. CLOSED.

R-2107.—Overcharge on shipment of household goods from non-agency station, account not released. This claim is still in process of adjustment. PENDING.

R-2114.—Claim for damage to car of melons. Settled to the satisfaction of plaintiff. CLOSED.

R-2137.—Adequate cattle guards installed at Woodburn. CLOSED.

R-2142.—Block signals were installed as recommended by this Commission. CLOSED.

R-2144.—Transferred to F-537. CLOSED.

R-2151.—Complaint was made that rates on sheep from points on the Joseph branch of the Oregon-Washington Railroad & Navigation Company were excessive. Satisfactory adjustment made by the railroad company. CLOSED.

R-2158.—Complaint was made of dangerous condition of tracks at corner of Grover and Macadam Streets in Portland. Investigation disclosed that street was in fair condition and that no unusual hazard existed. CLOSED.

R-2159.—Alleged overcharge on car of dried loganberries from Gaston to Salem. Plaintiff did not pursue complaint. CLOSED.

R-2167.—Excessive charges alleged on two cars of sand from Baker to White Pine. Satisfactory adjustment made by the railroad company. CLOSED.

R-2171.—Rate on round mining timbers from Cottage Grove to points in California alleged to have been advanced without notice. Satisfactory adjustment made by the railroad company. CLOSED.

R-2175.—Claim filed against carrier because of loss of goods in transit. Carrier adjusted claim satisfactorily. CLOSED.

R-2176.—Shipper complained of application of rate on lumber for export. Investigation developed that the Commission was without jurisdiction. CLOSED.

R-2179.—Complaint was made of overcharge on shipment of tools, etc. Claim satisfactorily adjusted by railroad company. CLOSED.

R-2180.—Complaint was made that overcharge existed on shipment of household goods from Salem to Pasadena, and carrier delayed making adjustment. Railroad company settled claim. CLOSED.

R-2181.—Complaint made that poor drainage caused surface water along the tracks of the railroad company to overflow lands of plaintiff. Work started to improve drainage. CLOSED.

R-2183.—Delay in settlement of claim for injury to mule was complained of. Carrier made settlement. CLOSED.

R-2184.—Complaint was made of inadequate station facilities at Went, Linn County, Oregon. Suitable shelter shed was provided by carrier. CLOSED.

R-2185.—Inability to obtain cars at Briedwell, non-agency station, was alleged by shipper. Matter explained and taken care of by railroad company. CLOSED.

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R-2186.—Overcharge on shipment of emigrant movables from Kennedy, Saskatchewan, to Brogan, Oregon. Adjusted by carrier. CLOSED.

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R-2187.—Complaint made that additional payment was demanded on shipment of household goods and books from Pittsburgh, Pennsylvania, carrier contending household goods rate should be paid on books packed separately. Refund arranged. CLOSED.

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R-2188.—Excessive charge on crab shipments from Newport alleged. Matter could not be adjusted informally. Transferred to formal docket. (F-483.) CLOSED.

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R-2189.—Complaint made of inadequate station facilities at Shutlers. Carrier submitted statement of revenues from this station, and contended expense of providing shelter shed was not justified. Plaintiff advised formal proceeding necessary to pursue matter further. CLOSED.

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R-2190.—Complaint was made of inability to ship wood from points along United Railway. Defendant adjusted matter by arranging freight service for Monday and Thursday of each week. CLOSED.

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R-2191.—Petition filed, requesting extension of Great Southern to connect with boat line. Transferred to formal docket, F-455. CLOSED.

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R-2192.—Complaint was filed regarding loss of horse killed by train, due to inadequate gate. Claim agent advised would investigate and communicate with plaintiff. CLOSED.

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R-2193.—Application made by carrier for reparation on several shipments of iron drums. Application withdrawn on ruling that iron drums are entitled to same rate as barrels. CLOSED.

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R-2195.—Delay in settlement of claim for damage to barn by fire set by section men on right-of-way of Southern Pacific was alleged. Claim agent advised he must have proof that damage was due to this fire. Plaintiff did not pursue matter further. CLOSED.

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R-2196.—Farm crossing was desired near Mile Post No. 702, on Southern Pacific Company's lines. Carrier advised would consider license for overhead crossing, but could not share expense. Plaintiff was advised of carrier's decision and that formal complaint was necessary to proceed further. CLOSED.

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R-2197.—Complaint was filed alleging poor service and overcharge on two hogs from Leland, Oregon, to Gibson. Refund was arranged, and platform installed at Gibson. CLOSED.

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R-2198.—Complaint was made of delay to shipment of well-drilling machinery. Carrier admitted complaint was well founded, and relief agent was discharged. CLOSED.

R-2199.—Complaint was made of overcharge on shipment of household goods from Charlton, Oregon, to Eddyville. Refund was arranged.  
CLOSED.

R-2200.—Petition was filed, requesting change of highway over Oregon-Washington Railroad & Navigation Company right-of-way. Answer was filed, and applicant advised of extent of jurisdiction of Commission.  
CLOSED.

R-2201.—Complaint was made of delay in settlement for wrong delivery of chickens. Settlement was arranged.  
CLOSED.

R-2202.—Complaint was made of inability to obtain settlement for damages done by a fire starting on right-of-way of defendant. Satisfactory adjustment arranged.  
CLOSED.

R-2203.—Complaint was made of inability to obtain settlement of claim for damages to straw stack by fire from right-of-way. Satisfactory settlement was made by defendant.  
CLOSED.

R-2204.—Complaint was filed concerning excessive minimum on refrigerator cars loaded with lumber, moving from Portland to Butteville. Application was made and order entered for reparation.  
CLOSED.

R-2205.—Complaint was filed, alleging discrimination in rates to Powers, Oregon, San Francisco v. Portland. Carrier explained tariff and way billing, and plaintiff requested to advise if not satisfactory. CLOSED.

R-2206.—Complaint was made that charges on car of wood from Gresham were assessed on basis of larger car than ordered. Carrier asked for authority to make reparation which was granted.  
CLOSED.

R-2207.—Excessive charges were alleged on donkey engine from Halls to Lyons. Matter was taken up with carrier and refund arranged.  
CLOSED.

R-2208.—Complaint was made, alleging overcharge in weight and rate on car emigrant movables from Cornelius, Oregon, to Lyons. Also complained of rate on stock from Lyons to West Stayton. Claim was satisfactorily adjusted by carrier.  
CLOSED.

R-2209.—Complaint was made concerning refund on return interstate ticket which had not been used. Interstate Commerce Commission advised that locals one way exceeded rate charged for round trip and no refund was due.  
CLOSED.

R-2210.—Overcharge alleged on wood from Deer Island to Warrenton for Government. Carrier advised that shipments were not made by Government and therefore not subject to land grant deduction and no overcharge existed.  
CLOSED.

R-2211.—Overcharge alleged on grain from Briedwell, caused by placing by carrier of larger cars than ordered. Matter taken up with the carrier and refund arranged.  
CLOSED.

R-2213.—Request was made for reparation order on gravel from Independence to Monmouth, based on rate made effective later. Not granted. Combination of local rates less. **CLOSED.**

R-2214.—Complaint was made of inability to secure spur for hauling wood. Matter was taken up with railroad and spur put in. **CLOSED.**

R-2215.—Complaint was made of tri-weekly service on Tillamook branch, instead of daily. Commission kept in close touch with operations, and regular schedule was restored as soon as weather conditions permitted. **CLOSED.**

R-2217.—Overcharge alleged on woolen shoddy from eastern points to Salem. Refund was secured on rates from Portland to Salem. Alleged overcharge from points east to Portland apparently abandoned by plaintiff. **CLOSED.**

R-2218.—Overcharge alleged on shipment of household goods from Fairmount, Virginia, to Bend, Oregon. Taken up formally with the Interstate Commerce Commission. **CLOSED.**

R-2219.—Overcharge alleged on shipment of household goods from Wenden, Arizona, to Harrisburg, Oregon. Matter is now before the Interstate Commerce Commission, with prospect of early disposition. **CLOSED.**

R-2220.—Complaint was made alleging discrimination in round trip passenger rates from the East to the Coast via northern and southern routes. Referred to the Interstate Commerce Commission for action. **CLOSED.**

R-2223.—Complaint was filed of inability to obtain settlement of claim for loss of incubator in transit. Investigation developed claim was not filed within the four months limit. **CLOSED.**

R-2224.—Complaint was made of hazardous conditions existing on highway at railroad crossing between Foley and Batterson on the Tillamook branch. With cooperation of county court and railroad brush which obstructed view was cleared away. **CLOSED.**

R-2225.—Complaint was made of deplorable conditions of station at Hugo. The matter was taken up with the railroad and improvement made. **CLOSED.**

R-2226.—Complaint was made of delay in delivery of freight at Gates account of freight depot being locked. Matter was satisfactorily adjusted by railroad company. **CLOSED.**

R-2227.—Complaint was made of unreasonable conditions and facilities for delivery of freight at Wren. Could not be disposed of informally. Transferred to formal docket. (F-482.) **CLOSED.**

R-2228.—Complaint was filed objection to increase in minimum weight on flour, etc. Informal adjustment could not be made. Transferred to formal docket. Nos. F-475 and F-476. **CLOSED.**

R-2229.—Overcharge alleged on shipment of household goods from Sioux Falls, North Dakota to Lakeview, Oregon. Satisfactory refund was made by carrier. CLOSED.

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R-2230.—Complaint was made orally of impaired clearance old depot of Oregon Electric Railway in Salem. Railway company remedied defect in construction. CLOSED.

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R-2232.—Complaint was made of unpleasant condition of Twelfth street, Salem, due to train toilets being left open while train is passing through city. Railroad company advised positive orders had been issued regarding this, which will be obeyed. CLOSED.

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R-2233.—Complaint made of inability to secure empty cars for shock shipments at Klamath Falls. Carrier explained cars held up on Atlantic seaboard, but would do best possible for plaintiff. CLOSED.

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R-2234.—Excessive charges on milk and cream from Fairview and other stations east of Portland. Express company explained how error was made and arranged refund. CLOSED.

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R-2235.—Complaint was made of loss of sewing machine in transit between Lomo, Montana, and Albany, Oregon. Refund was arranged. CLOSED.

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R-2236.—Investigation was made of car shortage said to be due to congested condition of traffic at Atlantic seaboard and Gulf ports. Conference at Salem resulted in car service bureau being established in Portland and car shortage relieved. CLOSED.

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R-2237.—Complaint was made re method of signaling trains at flag stations being unknown to passengers; no instructions posted in shelter sheds. Railroad company stated instructions were posted and that motor-man should acknowledge signals and stop. CLOSED.

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R-2238.—Complaint was made of inability to obtain C. O. D. amount following shipment of films to Mutual Film Co., Portland. Refund was made by carrier. CLOSED.

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R-2239.—Complaint was made of flour rates to the East from Corvallis and Silverton. Carrier declined to make rate lower than present basis account new rates being published. Matter not pursued by plaintiff. CLOSED.

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R-2240.—Complaint was made of very poor service at Robinette, Oregon. Inadequate service was explained by railroad as being due to weather conditions. CLOSED.

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R-2241.—Complaint was made of overcharge on sample trunk. Carrier explained trunk was being held for storage charges, and storage accruing. Plaintiff was advised formal complaint necessary to pursue matter further. CLOSED.



R-2242.—Carrier requested permission to raise minimum on lime and plaster from 30,000 to 40,000 pounds. Permission was not granted, and carrier consented to allow minimum to remain. CLOSED.

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R-2243.—Complaint was made of excessive fare from Independence to Eugene, via Corvallis and Monroe. Matter could not be adjusted informally, and plaintiff advised formal complaint necessary to pursue it further. CLOSED.

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R-2244.—Complaint made of inability to secure car for shipment of chopped hay from Hermiston. Railroad explained first car spotted was not loaded promptly and was picked up on account extreme car shortage. Car was furnished for shipment. CLOSED.

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R-2245.—Complaint was made of dangerous conditions due to encroachment of railroad tracks on highway near Goshen. Appropriations have been secured for work by railroad company, and work will be hastened to conclusion. PENDING.

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R-2246.—Complaint was made with reference to rate on feed to Barlow being higher than rate to Canby in less than carloads from Portland. Matter could not be adjusted informally, and plaintiff was advised formal complaint necessary to pursue matter further. CLOSED.

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R-2247.—In the matter of rate on fruit and vegetables by express from Tigard and Tualatin to Salem as against rate from Portland to Salem. Railroad company asked permission to raise Portland rate. Transferred to formal docket. (F-508.) CLOSED.

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R-2248.—Complaint was made of inadequate shipping facilities at Cheshire, and refusal of carriers to do anything to better conditions. Wells Fargo agent was appointed, satisfactory to plaintiff. CLOSED.

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R-2249.—Complaint was made of damage to stock due to poor service from Beaverton to Lebanon. Claim was satisfactorily adjusted. CLOSED.

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R-2250.—Hazardous condition complained of at crossing in Oregon City. Railroad company says has had a grade signal bell at this crossing for number of years. CLOSED.

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R-2251.—Overcharge alleged on carload of emigrant movables from The Dalles, Oregon, to Roseburg, due to wrong application of rate. Refund was arranged by railroad company. CLOSED.

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R-2252.—Complaint was made of Oregon rates on milk and cream as against Washington rates. Matter could not be adjusted informally and plaintiff was advised formal complaint necessary to pursue the matter further. CLOSED.

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R-2255.—Petition was filed by residents in vicinity of Cox's crossing, east of Buzzard station. Railroad company arranged for stop for motor trains. CLOSED.

R-2257.—Complaint made that plaintiff was required to unload a less than carload shipment of wood stave pipe from car at expense. Plaintiff was asked for additional information, and no reply received. **CLOSED.**

R-2258.—Attention of the Commission was called to condition of track between Manning and Buxton as being unsafe for train. Superintendent of Southern Pacific Company inspected track personally and found same to be in safe condition. Plaintiff did not pursue further. **CLOSED.**

R-2259.—Excessive weight alleged on car of emigrant movables from Salem to Redmond. Carrier declined to settle claim and plaintiff advised matter not under jurisdiction of the Commission. **CLOSED.**

R-2260.—Petition was filed by residents in vicinity of Telocaset, requesting flag stop for certain trains at that point. Flag stop was established by railroad company. **CLOSED.**

R-2261.—Complaint was made of charges assessed on two carloads of trellis poles to Independence and Wigrich. Carrier made refund on Independence; no overcharge to Wigrich. **CLOSED.**

R-2262.—Complaint was made of inadequate arrangements for interchange of equipment between Great Northern and Northern Pacific. Great Northern suggests routing which is apparently satisfactory to plaintiff. **CLOSED.**

R-2263.—Shipments of mail wagons from Peoria, Illinois, to Salem billed at one and one-half times first class, subsequently set up by an inspector to double first class. Matter was submitted to the Interstate Commerce Commission as to proper classification to apply. The Commission declined to give a ruling unless formal complaint was entered. This was submitted to consignee for his action. **CLOSED.**

R-2264.—Overcharge was alleged on shipment of household goods from Barlow. Representative of railroad called on plaintiff personally and explained rates to him to his satisfaction. **CLOSED.**

R-2266.—Oral complaint was made of dangerous condition of crossing at Dimick Hill just north of Dallas and at Ellendale Avenue in Dallas. Railroad company installed crossing bell at Orchard Avenue; did not consider conditions at Ellendale Avenue unusually hazardous. **CLOSED.**

R-2267.—Complaint was made of the inaccessibility of the depot at Goble. Railroad company was asked to move depot to other side of tracks. This matter is subject of correspondence with prospect for an early disposition. **PENDING.**

R-2268.—Complaint was made of inability to obtain refund of overcharge on ticket from Metolius to Redmond. Refund was arranged by railroad company. **CLOSED.**

R-2269.—Inspection was made of the line of railroad between Medford and Jacksonville and railroad required to protect highways by warning signs and block frogs and guard rails. **CLOSED.**

R-2271.—Complaint was made of demand by carrier for additional payment on car of household goods from Superior, Nebraska, to Sutherlin three years ago. Matter was referred to the Interstate Commerce Commission, who advised that inasmuch as the time limit had expired, they had no power to made a decision. CLOSED.

R-2272.—Excessive rates alleged by Grange at Elk City, to and from C. & E. branch. Rate adjustment was explained to plaintiffs and table of rates forwarded them. CLOSED.

R-2273.—Excessive rate on peppermint roots from Buzzard to Gervais alleged. Refund was made by carrier and rate adjusted to assist industry. CLOSED.

R-2274.—Delay in delivery of freight due to notice being sent to wrong address alleged. Carrier says no inquiry was made for shipment and plaintiff asked to advise. Apparently abandoned by plaintiff. CLOSED.

R-2275.—Complaint was made by wire, alleging inability to secure sufficient cars for shock shipments. Special effort was made by carrier to provide sufficient equipment. CLOSED.

R-2276.—Complaint was made of condition of right-of-way fence, plaintiff alleging inability to turn stock out. Railroad company advised condition of fences was due to storms, and repaired same. CLOSED.

R-2277.—Complaint was made orally that certain portion of right-of-way was not fenced. Matter taken up with company, and fence erected at once. CLOSED.

R-2278.—Application made for an open crossing in lieu of crossing with gates. Railroad declined to recommend same on account of deep cut obstructing view. Plaintiff informed Commission cannot proceed further on informal complaint. CLOSED.

R-2280.—Complaint was made of inability to obtain farm crossing. Matter was taken up with railroad and crossing put in. CLOSED.

R-2281.—Request was made for flag stop at Anlauf. Carrier extended local train service from Cottage Grove to Drain to take care of this. CLOSED.

R-2282.—Complaint was made of the signaling devices at crossings north of Dallas. Railroad company agreed to remove obstructions, but declined to install crossing bells. Plaintiff advised formal action necessary to pursue matter. CLOSED.

R-2283.—Complaint was made of the condition of approach to station and stock yards at Fayetteville. Conditions complained of were remedied by the railroad company. CLOSED.

R-2284.—Complaint was made of removal of flag station, Tharp, leaving patrons of railroad in that vicinity without facilities. Was reestablished as a flag station and made an L. C. L. freight station. CLOSED.

R-2285.—Complaint was made that rate on logs from Black Rock to Log Dump was excessive. An agreement was reached between carrier and plaintiff and complaint was withdrawn. **CLOSED.**

R-2286.—Condition of stock yards at Donald were complained of; losses due to lack of water for stock. Matter was taken up with railroad company and feed racks and water supplied. **CLOSED.**

R-2287.—Overcharge alleged on personal effects from Kalamazoo, Michigan, to Noti. Refund was arranged by carrier. **CLOSED.**

R-2288.—Complaint was made that charges from Donald to Woodburn on car of brick were greater than from Donald to Salem. Satisfactory refund was made by carrier. **CLOSED.**

R-2289.—Request made for farm crossing near West Scio. **PENDING.**

R-2290.—Complaint was made of stock killed because of inadequate fencing between Riddle and Myrtle Creek. Railroad company arranged appropriation for adequate fencing. **CLOSED.**

R-2291.—Complaint was filed, alleging inadequate watering and feeding facilities at stock yards at Sutherlin. Authority was received by superintendent of railroad company for construction of proper facilities, work to be completed as soon as possible. **CLOSED.**

R-2292.—Request was made for private road crossing between Geer and Macleay. Matter was taken up with railroad company and crossing installed. **CLOSED.**

R-2293.—Investigation was made of impaired clearance along California and Oregon Coast R. R. Co., gas spur of Oregon Gas & Electric Co. Carrier and utility were requested to clear up hazard, which was done. **CLOSED.**

R-2295.—Complaint was made, alleging excessive storage charges on tank of gasoline from Ontario to Riverside in error. Carrier explained requirements as to prompt removal of gasoline and complaint was apparently abandoned by plaintiff. **CLOSED.**

R-2296.—Complaint was made alleging right-of-way unfenced, resulting in stock being killed. Carrier advised had no record of stock being killed since 1912, when statute did not require Government Reserve unfenced. **CLOSED.**

R-2297.—Complaint was made, alleging fence inadequate to turn small stock. Railroad company alleged fence in good condition, and did not feel justified in replacing same. Plaintiff advised formal complaint necessary to pursue matter. **CLOSED.**

R-2298.—Petition was filed requesting flag stop for trains at Curtin. Carrier declined to grant request, and petitioners advised formal complaint necessary to pursue matter. **CLOSED.**

R-2299.—Complaint was made alleging neglect on part of railroad in repair of crossing after having attention called to it several times. Crossing was put in satisfactory shape by railroad. CLOSED.

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R-2300.—Dangerous condition of crossing in Albany was complained of. Crossing bell was installed. CLOSED.

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R-2301.—Complaint was made of dangerous condition of crossing at Waconda Station, due to obstruction of crossing by embankment and warehouse. Crossing bell was installed. CLOSED.

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R-2302.—Complaint was made of inadequate fencing due to filling trestles to which fences were originally attached. Railroad company arranged to put in new fences. CLOSED.

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R-2303.—The attention of the Commission was called to condition of track in vicinity of Sellwood substation. Investigation was made and the track found to be in good condition. CLOSED.

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R-2308.—Lumber company at Klamath Falls alleged were forced to close down because of inability to secure cars; business greatly damaged. Cars supplied by carrier, enabling plaintiff to run part of time. CLOSED.

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R-2309.—Complaint was made by lumber company at Mill City of shortage of cars. Railroad company promised to use best efforts to secure necessary equipment. Great shortage due to longshoremen's strike. CLOSED.

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R-2310.—Complaint was made, alleging generally unsatisfactory conditions in connection with rates, weights, and delivery of freight at Riverside. Specific information was requested of plaintiff but no reply received. CLOSED.

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R-2311.—Complaint was made of inadequate fencing through which bull passed and was killed by train. Matter was taken up with railroad company and adequate fence put in. CLOSED.

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R-2312.—Complaint was made of inability to obtain spur at sandpit near Umatilla. Railroad company declined to put in spur. Plaintiff was advised formal complaint necessary to pursue matter further. CLOSED.

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R-2313.—Complaints were made of inability to obtain benefit of fare and a third round trip rate to and from meeting of Masonic Grand Lodge at Albany. Matter referred to railroad and refund arranged. CLOSED.

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R-2314.—Overcharge was alleged on shipment of posts from Canby. Investigation was made by the carrier and refund arranged. CLOSED.

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R-2315.—Complaint was filed, alleging overcharge on fruit jars from Portland to Powers, by use of measurement instead of weight as basis for charges Marshfield to Powers. Refund was made by carrier. CLOSED.

R-2316.—Complaint was made alleging hazardous conditions at highway crossing of tracks west end of Big Eddy. Plaintiff was advised highway was not regularly laid out, and Commission could do nothing.  
CLOSED.

R-2317.—Shortage of cars alleged by Summit Mill Company, causing them to close down. Sufficient equipment was furnished by carrier, with promise to do everything possible to relieve the situation.  
CLOSED.

R-2318. Complaint was made of action of railroad in closing up crossing for foot passengers near Springfield, and placing trespass signs at point used by school children, creating great risk in getting to foot bridge across stream. Improvements were made by railroad to the satisfaction of plaintiffs.  
CLOSED.

R-2319.—Complaint was made that conductor refused to honor detached coupon from family commutation book purchased by plaintiff for use of himself and family. Plaintiff was advised of conditions under which commutation tickets are sold.  
CLOSED.

R-2320.—Complaint was made alleging nonsettlement of claim for loss of case of shoes. Claim was satisfactorily adjusted by carrier.  
CLOSED.

R-2321.—Complaint was made alleging removal of spur which is required to move large quantity of wood. Matter was taken up with railroad company and spur restored.  
CLOSED.

R-2322.—Inability to obtain equipment was filed by the St. Johns Lumber Company. Complaint was taken up with carrier and all orders filled.  
CLOSED.

R-2323.—Complaint made of condition of fence along right-of-way of railroad and that gate never was put in. Referred to railroad, with prospect of early disposition.  
PENDING.

R-2324.—Petition of residents of Gervais for flag stop of train No. 16 filed. Railroad company declined to grant request, and petitioners were advised formal complaint necessary to proceed further.  
CLOSED.

R-2325.—Petition was filed, alleging inability to obtain sufficient loading facilities at Ingram. Railroad company declined to grant request for additional facilities.  
CLOSED.

R-2326.—Plaintiff complained of inability to procure farm crossing and was advised course to pursue if has valid contract for crossing.  
CLOSED.

R-2327.—Complaint was made that railroad company had given notice that open crossing was to be closed. Matter was taken up with company, and arrangement made for a private crossing.  
CLOSED.

R-2329.—Complaint was made of inability to secure cars for wood. Efforts were made to secure equipment.  
CLOSED.

R-2330.—Complaint was made alleging delay to car of household goods from Clarinda, Iowa, to North Bend, routed all rail, which carrier wished to forward from Portland by boat. Plaintiff was advised that carriers had not extended rail line to North Bend, and error was made in routing car all rail. Car was held and forwarded all rail soon as line was opened. **CLOSED.**

R-2332.—Complaint was made alleging inability to obtain farm crossing and proper drainage for land overflowed because of construction of railroad. Crossing was put in for plaintiff, and he was advised poor drainage was due to water draining off neighbor's property. **CLOSED.**

R-2333.—Petition signed by residents of Drain and vicinity, asking for extension of service of train to Drain was filed. Transferred to formal docket. (F-504.) **CLOSED.**

R-2334.—Investigation was made informally of the car shortage due to scarcity of ocean carriers, and circulars were issued, requesting cooperation of carriers and shippers to relieve situation. **CLOSED.**

R-2335.—Complaint was made by Multnomah County that railway company ordered plaintiff to cease grading on road crossing over right-of-way, until permission was obtained from Commission. Investigation disclosed that crossing was county road which had been in use for some time and across which company had laid their tracks. Ordered to put in proper safeguards. **CLOSED.**

R-2336.—Complaint was made of inadequate condition of fence along company's right-of-way. Railroad company found upon investigation that fence was not hog-proof and made arrangements to fix same. **CLOSED.**

R-2338.—Complaint was made of demurrage charged on bridge iron unloaded on ground to release cars. Freight bills were requested of plaintiff but no reply received. Apparently abandoned. **CLOSED.**

R-2339.—Application was made by Oregon Electric for authority to waive tariff requirements in connection with movement of fifty-six passengers from Albany to Portland. Tariff required one hundred passengers to obtain benefit of special rate, but under circumstances, special permission was granted to waive tariff. **CLOSED.**

R-2340.—Complaint was made of rates on grain from points on Pilot Rock branch vs. rates from points north of Pendleton. Carrier interviewed plaintiff and explained rates to his satisfaction. **CLOSED.**

R-2341.—Complaint was made of discontinuance of Peters station by company. Railroad disinclined to reestablish same, and plaintiffs advised formal complaint necessary for further action. **CLOSED.**

R-2342.—Application was made by Wells Fargo & Company to discontinue office at Macleay. Investigation disclosed that business is growing and company asked to continue office. **CLOSED.**

R-2343.—Complaint was made of station facilities and condition of grounds at Eddyville. Improvements were made by company pending removal of station to opposite side of track. **CLOSED.**

R-2346.—Complaint was made of delay and overcharge on freight from Lumsden, Sask., to Salem. Refund was made of overcharge on freight; matter of charge for consular invoice still subject of correspondence. CLOSED.

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R-2347.—Complaint was made of storage on baggage. Tariff was explained to plaintiff to his satisfaction. CLOSED.

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R-2348.—Complaint was made of transcontinental rate on cascara bark based on arbitrary as against rate from Tillamook and Yaquina branches. Commodity rate as shown by tariff explained. CLOSED.

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R-2349.—Complaint was made of service and inconvenience in handling derailment of train on Tillamook branch. Carrier admits criticism due and explains circumstances. CLOSED.

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R-2350.—Complaint was made of overcharge on car of potatoes from Tualatin to Eugene and inability to secure refund. Refund was arranged by carrier. CLOSED.

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R-2351.—Complaint was made of overcharge on shipment of household goods from Coquille to Cottage Grove. Complaint was found to be due to misunderstanding re rating, and carrier made proper settlement. CLOSED.

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R-2354.—Complaint was made of discrimination in rates on potatoes from Svenson. Plaintiff was advised rates were put into effect by Interstate Commerce Commission, and complaint must be referred there if it was desired to pursue the matter. CLOSED.

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R-2355.—Complaint was made of baggage being checked through from Gearhart to drayage company instead of North Bank station. Complaint was due to misunderstanding of service, and satisfactory explanation made. CLOSED.

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R-2356.—Complaint was made of unfenced track in the vicinity of Mary's River. Upon investigation, complaint was abandoned by plaintiff. CLOSED.

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R-2357.—Complaint was made of inability to secure farm crossing. Matter could not be settled informally, and plaintiff abandoned complaint. CLOSED.

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R-2358.—Application was made for crossing, which was refused by railroad company. Compromise was suggested, and plaintiff abandoned complaint. CLOSED.

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R-2359.—Complaint was made of inadequate baggage service. Carrier explained poor service due to unprecedented amount of business, and care would be taken to handle business in future. CLOSED.

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R-2360.—Failure on part of express company to accept shipment at nonagency station was alleged. Matter was explained by carrier. CLOSED.



R-2361.—Complaint was made of lack of fencing along right-of-way. Carrier made necessary settlement promptly. **CLOSED.**

R-2362.—Complaint was made of dangerous crossing at Edenbower, and failure of train crews to give necessary warning of approach of trains. Carrier contended warning was given and crossing not considered dangerous. Plaintiff advised of carrier's contention. **CLOSED.**

R-2363.—Complaint was made of inadequate fencing along right-of-way. Appropriation to cover work was secured and fencing installed. **CLOSED.**

R-2364.—Application filed for crossing. Temporary crossing put in. **CLOSED.**

R-2365.—Complaint was made of inability to secure cars, due to those sent in being improperly labeled. Carrier explained cars were properly labeled but station being nonagency one, labels were torn off and cars appropriated by other parties. **CLOSED.**

R-2366.—The Commission called the attention of carrier to the hazardous condition of tracks at the Fair Grounds. Carrier explained that planking could not be left in permanently, but would install same during Fair Week. **CLOSED.**

R-2367.—Complaint was made of inability to secure farm crossing. The premises were inspected by the Commission and matter will be adjusted at an early date. **PENDING.**

R-2368.—Complaint was made of condition of Hare spur track near Buxton. Complaint was abandoned by plaintiff. **CLOSED.**

R-2369.—Complaint was made of lack of shelter shed at Geary Street, Albany. Matter could not be adjusted informally, and was transferred to formal docket. Now in process of adjustment. F-535. **CLOSED.**

R-2370.—Complaint was made of dirty equipment furnished by carrier for shipments. Plaintiff advised of proper procedure. **CLOSED.**

R-2371.—Complaint was made of excessive charges on shipment of store furniture, household goods and other merchandise. Matter is now in process of adjustment. **PENDING.**

R-2372.—Complaint was made that carrier refuses to make rate on spruce sawlogs. Complaint could not be adjusted informally, and plaintiff advised formal complaint necessary. **CLOSED.**

R-2373.—Complaint was made of inadequate service in delivery of freight. Matter was explained by carrier. **CLOSED.**

R-2374.—Complaint was made by telegram of inability to secure cars for loading of beef cattle at Juntura. Cars were supplied promptly by carrier. **CLOSED.**

R-2375.—Complaint was made of inability to secure siding; also to secure cars for shipments of lumber. Cars were supplied by carrier, and matter of siding is in process of adjustment. PENDING.

R-2376.—Complaint was made of hazardous crossing near Albany. Crossing bell was installed by carrier. CLOSED.

R-2377.—Complaint was made of inability to secure seating space in Pullman car during daytime. Explanation and refund made by carrier. CLOSED.

R-2378.—Complaint was made of lack of fencing along right-of-way. Investigation brought explanation from carrier that land was wild woods, and intended to make application to suspend fencing statute. CLOSED.

R-2379.—Complaint was made of dangerous crossing near Chemawa. Carrier contended crossing not dangerous, vision unobscured for half mile either side. CLOSED.

R-2380.—Carrier's attention was called to impaired clearance where brakeman was injured. Carrier advised impaired clearance was removed after accident, and standard clearance is now given at this point. CLOSED.

R-2381.—Carrier's attention was called to impaired clearance at Marcola, where brakeman was injured. Tank was moved back and standard clearance given. CLOSED.

R-2382.—Complaint was made of excessive rate on potatoes moving from Cornelius to Medford. Carrier declined to make reparation, but corrected rate in tariffs effective January 1, 1917. CLOSED.

R-2384.—Complaint was made of increase in rate on glass containers from East. Matter was taken up with Interstate Commerce Commission and is now being investigated by that body. PENDING.

R-2385.—Discrimination was alleged in furnishing cars. Cannot secure cars for shipments of prunes from Yamhill to Portland. Orders have been partially filled. PENDING.

R-2386.—Blue prints and map of proposed Multnomah overhead crossing were submitted. Matter is now before the Commission. PENDING.

R-2387.—Complaint was made of inability to secure cars for lumber shipments—forty-six cars behind in orders. Orders were partially filled, and complaint withdrawn. CLOSED.

R-2388.—Complaint was made of inability to secure farm crossing—entirely hemmed in on farm. Prospect for an early adjustment of the complaint. PENDING.

R-2389.—Complaint made of inability to secure cars for shipments of potatoes, onions and other perishable produce. Orders were partially filled, and plaintiff withdrew complaint. CLOSED.

R-2390.—Complaint was made of express companies refusing to make deliveries to State Hospital at Salem, but come within few hundred feet of the door. Express companies agreed to make delivery of packages.

CLOSED.

R-2391.—Complaint was made of inability to use ticket because of absence of anyone to check baggage. Carrier made refund.

CLOSED.

R-2392.—Complaint was made of not being allowed free time in redeeming baggage. Refund was made by carrier.

CLOSED.

R-2394.—Complaint was made of numerous instances of delayed trains. Schedule was changed, and care taken by carrier to have train on time each day.

CLOSED.

R-2395.—Complaint was made of inadequate loading facilities at Falls City. Carrier advised had already asked for authority to install additional trackage.

CLOSED.

R-2396.—Complaint made of refusal of train crews to accept freight at non-agency station. Carrier advised train crews should accept freight where freight is prepaid or payment guaranteed.

CLOSED.

R-2398.—Application was made by canning company for rate on canned goods from Grants Pass to Portland. Transferred to F-539, upon application of carrier to make rate.

CLOSED.

R-2399.—Complaint was made of inability to secure gravel at present high rate. Reduction was declined by carrier, and plaintiff advised formal complaint necessary to pursue matter.

CLOSED.

R-2401.—Condition of crossing at Base Line road, Troutdale, called to attention of Commission. Orders limiting speed of trains were put in by carrier.

CLOSED.

R-2402.—Petition of residents in vicinity of Lorentzen county road filed, requesting that railroad company be required to remove gates obstructing road. Matter is now before the Commission and is being investigated.

PENDING.

R-2403.—Complaint was made by residents of Tillamook of inability to get hay purchased in Willamette Valley, on account of shortage of cars. Cars were supplied by carrier.

CLOSED.

R-2404.—Attention of company called to impaired clearance where brakeman was killed. This is in process of correction.

CLOSED.

R-2405.—Complaint was made of inability to secure refrigerator cars for shipments of apples from Dallas and Monmouth. Cars were supplied by carrier.

CLOSED.

R-2406.—Conference in regard to elimination and protection of crossings of railroads and public highways at common grade. Notice sent State, county, municipal and railroad officials of conference with view of

obtaining information and suggestions looking toward necessary legislation providing for elimination or proper safeguarding of crossings.

PENDING.

R-2407.—Damage to express shipment during transit alleged. Claim filed by plaintiff with carrier and matter in process of adjustment.

PENDING.

R-2409.—Inability to secure cars and discrimination on part of carrier in furnishing cars alleged. Matter is being investigated.

PENDING.

R-2410.—Complaint made of amount of loss accrued as result of inability to secure stock cars at time ordered. Plaintiff was advised Commission has no jurisdiction over adjustment of damage claims. Matter to be determined by a court of law.

CLOSED.

R-2412.—Inadequate shipping facilities alleged. Carrier advises expects to improve facilities as soon as more pressing needs in other localities are met. Plaintiff informed of carrier's reply.

CLOSED.

R-2413.—Complaint made by telegram Sherman County yards out of fuel and zero weather. Inability to secure cars for local lumber yard. Notice was given to agents by carriers that such orders should have preference until situation was relieved.

CLOSED.

R-2414.—Petition signed by about 150 patrons of carrier filed, asking for change in train schedule. Matter was taken up with company, who advise they are figuring on new time card.

PENDING.

R-2415.—Complaint was made of overcharge on shipment of household goods from Jacksonville, Florida, to Portland. Carrier asked to explain charges as assessed.

PENDING.

R-2416.—Complaint made of inability to secure cars for onion shipments to Stockton, California, and discrimination alleged on part of carrier in furnishing cars. Matter is being investigated.

PENDING.

R-2417.—Complaint filed, alleging inability to secure cars for potato shipments to Minneapolis, Minnesota. Carrier contended was doing everything possible to effect a just distribution of cars and would fill order as soon as possible.

CLOSED.

R-2418.—Discrimination in furnishing cars alleged. Carrier contended is giving preference to orders in order of date placed, and will furnish cars for plaintiff as soon as it can conveniently be arranged. Plaintiff informed of reply of carrier.

CLOSED.

R-2419.—Complaint made of inability to secure cars for shipments of apples to Polk, Nebraska. Instructions given by carrier to agent to hold order among most urgent ones, to be filled at first opportunity.

PENDING.

R-2420.—Complaint made of inability to secure cars for shipments of prunes from Riddle to Roseburg. Cars were supplied promptly.

CLOSED.

R-2421.—Complaint made of inability to secure cars for shipments of prunes. Cars were supplied at first opportunity by carrier. **CLOSED.**

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R-2422.—Complaint made of losses due to inability to secure cars for perishable products. Efforts are being made by carrier to supply cars. **PENDING.**

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R-2423.—Complaint made of inability to secure cars for potato shipments to California. Order partially filled and effort being made to supply other cars. **PENDING.**

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R-2424.—Complaint made of inability to get deliveries of box shooks at Salt Lake from Portland. Cars were furnished by carrier. **CLOSED.**

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R-2425.—Complaint made of inability to secure car for shipment of stock and has no way to care for stock. Car was promptly supplied by carrier. **CLOSED.**

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R-2426.—Complaint was made of inadequate accommodations for passengers and no shed for freight. Investigation disclosed that lease of operating road on road in question expires June 1, 1917, and company will provide suitable shelter shed and other facilities if company should continue to operate after that time. **CLOSED.**

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R-2427.—Excessive rate alleged on peat fertilizer from West, to Durham, Oregon. Matter is in process of adjustment. **PENDING.**

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R-2428.—Overcharge alleged on mixed carload of flour and oats from Baker, Oregon, to Robinett. Matter is being investigated. **PENDING.**

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R-2430.—Complaint made of discrimination in discharging passengers at Live Creek Station. Matter is in process of adjustment. **PENDING.**

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R-2431.—Complaint made alleging that carrier will not furnish car for shipment of wood to Medford, but charges storage for wood. Matter has been referred to company for investigation. **PENDING.**

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R-2432.—Complaint made of inability to secure cars for shipments of brick from Willamina to Ione. Carrier has partially filled orders and will endeavor to fill others in a few days. **PENDING.**

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R-2433.—Complaint made that carrier compels agent to lock depot and take mail to and from postoffice, thus delaying delivery of express and shipping of baggage. Matter was adjusted. **CLOSED.**

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R-2434.—Complaint made of inability to secure car although ordered two months ago. Matter referred to company for investigation. **PENDING.**

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R-2435.—Complaint made of inability to secure cars, and matter referred to company for investigation. **PENDING.**

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R-2436.—Complaint made of bill rendered by company for refrigeration on packing house products from North Portland to Salem. Matter taken up with carrier for investigation. PENDING.

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R-2440.—Complaint made of discontinuance of service from Willamette to Tualatin River. Matter taken up with railroad company for explanation. PENDING.

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R-2441.—Complaint made of inability to secure car for shipment of sand from Yaquina to Mabel, Oregon. Matter taken up with carrier for investigation. PENDING.

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R-2442.—Complaint made of inadequate and filthy condition of passenger station facilities at Kerry. Matter referred to company for investigation. PENDING.

## APPENDIX I

## PART II.—INFORMAL COMPLAINTS AGAINST PUBLIC UTILITIES

U-340.—Complaint was made of telephone service at Parkdale due to leakage from high power wires of electric utility. Lines were metallicized and service now rendered is satisfactory. **CLOSED.**

U-447.—Complaint was filed of unfair and discriminatory rates of telephone utility as compared with another. Some progress has been made in bringing about a satisfactory adjustment in rates, and it is expected to bring the matter to a conclusion at an early date. **PENDING.**

U-453.—Complaint was made of meter reading and minimum charge of the California-Oregon Power Company. Matter was taken up with the utility and satisfactorily adjusted. **CLOSED.**

U-465.—Complaint was made of discrimination in rates of telephone utility. Plaintiff was advised of investigation now pending on Commission's own motion and complaint would be heard at that time. **CLOSED.**

U-474.—Complaint was made of excessive charges made by electric utility of two minimums used. Minimum charge explained and reparation made. **CLOSED.**

U-478.—Complaint was made that consumers were required by water company to furnish own meters. Plaintiff was advised of lack of jurisdiction, owing to fact that utility was a mutual company. **CLOSED.**

U-481.—Complaint was made that service by telephone company was disconnected, although bills were paid. Investigation disclosed misunderstanding on part of both parties, and matter satisfactorily adjusted. **CLOSED.**

U-482.—Complaint was made of discontinuance of service prior to bill being due. Utility explained matter to satisfaction of plaintiff. **CLOSED.**

U-485.—Complaint was made of poor service furnished by telephone utility. Matter was adjusted informally between plaintiff and utility. **CLOSED.**

U-487.—Complaint was made that plaintiff was not getting benefit of reduced rates in effect for service. Investigation was made and bills adjusted to satisfaction of plaintiff. **CLOSED.**

U-488.—Complaint was made of switching charge made by telephone company in addition to regular charge for switchboard connection. Matter was adjusted informally between plaintiff and utility. **CLOSED.**

U-489.—High tension lines in territory paralleled by telephone lines rendered telephone lines unfit for service. Investigation by the Commission developed the fact that the majority of the telephone lines were grounded lines. Agreement reached between the companies by which telephone lines were metallicized and trouble eliminated. **CLOSED.**

U-490.—Complaint was made that defendant telephone company refused to install anything but ten party service, which was unsatisfactory. Matter was taken up with utility and arrangements made for cable extension for four party service. **CLOSED.**

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U-495.—Complaint was made of telephone service in the upper Hood River Valley. Lines were put in good shape by utility and service now satisfactory to all parties. **CLOSED.**

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U-496.—Complaint was made of excessive moving charge, and discontinuance of service without due notice. Investigation disclosed that utility was willing to make refund, but plaintiff had moved away, whereabouts unknown. **CLOSED.**

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U-497.—Investigation was made of accident caused by collision of unattended street car with another car at Eleventh and Taylor Streets, Portland. Hearing was held, and recommendations made. Instructions were issued by utility in regard to testing hand brakes on street cars. **CLOSED.**

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U-498.—Complaint was made of larger lighting bill after part of service was discontinued and gas lights substituted. Satisfactory adjustment was made by utility. **CLOSED.**

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U-501.—Complaint was made of removal charge, and threatened discontinuance of service. Removal charge was explained to plaintiff, together with advice that order of Commission with respect to such charge was not in effect at date service was rendered. **CLOSED.**

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U-502.—Complaint was made of invasion of territory by new utility. Defendant asked for conference, and case was transferred to formal docket. (U-F-169.) **CLOSED.**

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U-503.—Complaint was filed, alleging excessive bill and discrimination. Investigation disclosed fact that bills were correct according to tariff. Satisfactorily explained to plaintiff. **CLOSED.**

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U-504.—Complaint was made of inability to secure lighting service without paying excessive minimum. Investigation disclosed fact that minimum was according to published tariff and plaintiff so advised. **CLOSED.**

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U-505.—Complaint was made of inability to obtain refund of deposit. Matter was adjusted satisfactorily. **CLOSED.**

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U-506.—Complaint was made of very poor telephone service. Utility explained that railroad construction had interfered with service, but lines were being put in shape, and every effort made to make service satisfactory. **CLOSED.**

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U-507.—Complaint was made of excessive charges for lighting service. Matter was satisfactorily adjusted. **CLOSED.**



U-508.—The assistance of the Commission was solicited to investigate and advise what could be done to get additional service desired by farmer line subscribers without duplication of service in Bend. Arrangements were made to put in suitable rates for same. CLOSED.

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U-510.—Complaint was made of inability to secure physical connection with telephone company's line. Matter was taken up with defendant, and physical connection made. CLOSED.

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U-511.—Request was made for meter test, which was made. CLOSED.

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U-512.—Complaint was made that plaintiff's name had not been in telephone directory for last three issues. Investigation was made by utility and matter adjusted to satisfaction of plaintiff. CLOSED.

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U-513.—Complaint was made of delay and uncertainty of telephone service installation. No satisfaction given by defendant. Arrangements were made for temporary installation. CLOSED.

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U-514.—Complaint was made of delay in providing telephone service. Matter was taken up with utility, and plaintiff advised line was being constructed and service would be furnished in near future. CLOSED.

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U-515.—Complaint was made that efforts to obtain service from telephone utility were without avail. Utility made arrangements to install prepay service. CLOSED.

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U-518.—Complaint was made, alleging increase in rates of telephone utility. Plaintiff was advised of general investigation before the Commission and requested to hold the matter in abeyance. CLOSED.

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U-519.—Complaint was made of poorly heated cars and uncomfortable streetcar service. Investigation by the Commission was made, and arrangements made to put in heaters and improve conditions. CLOSED.

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U-520.—Complaint was made of inability to secure telephone service. Installation was made by utility. CLOSED.

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U-522.—Complaint was made alleging inability to secure lighting service from utility. Matter was adjusted to satisfaction of all parties. CLOSED.

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U-523.—Request was made for test of meter, complaining of excessive bills. Complaint was withdrawn, defendant having adjusted meter. CLOSED.

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U-524.—Application and deposit for test of meter received. Meter was found to be accurate, and suggestion made that possibly roomer was using gas to keep warm during cold weather. CLOSED.

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U-525.—Conference was held at Portland relative to physical connection between farmers' line and telephone utility. Arrangements were made for completion of connection, and complaint was satisfied. CLOSED.

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U-527.—Complaint was made of excessive power rate charged for motor to operate fan. Defendant explained service rendered and complaint was apparently abandoned by plaintiff. **CLOSED.**

U-528.—Complaint was filed, alleging payment of from \$20.00 to \$25.00 more per month than is received from prepay meters. Matter was adjusted to satisfaction of plaintiff. **CLOSED.**

U-529.—Complaint was made by utility of diversion of business by another utility. Connection was made and matter satisfactorily adjusted to satisfaction of both parties. **CLOSED.**

U-530.—Complaint was made by patron of inability to secure telephone service. Investigation disclosed that delay was due to linemen all being occupied in repairing lines put out of commission by silver thaw. Installation was completed. **CLOSED.**

U-531.—Complaint was made of inadequate service furnished by water utility. Matter could not be adjusted informally, and was transferred to formal docket. (U-F-162.) **CLOSED.**

U-532.—Complaint was made, alleging poor and inadequate service furnished by electric utility. Investigation was made and satisfactory service furnished. **CLOSED.**

U-533.—Complaint was made of service having been discontinued without explanation. Matter was taken up with utility and service restored. **CLOSED.**

U-534.—Complaint was made that defendant refused to build line to city limits for farmer line connections. Matter was adjusted. **CLOSED.**

U-535.—Complaint was made of unwillingness of telephone company to furnish farmer line service at rate paid by others. Utility agreed to furnish service at published rates applicable within area. **CLOSED.**

U-536.—Complaint was made by utility that their competitors were charging irregular rates for electric service. Investigation disclosed that defendants had not been furnishing service for several months. **CLOSED.**

U-537.—Complaint was made that telephone service had not been restored since fire which destroyed exchange of defendant. Service was reestablished by utility. **CLOSED.**

U-538.—Complaint was made of inability to secure electric service. Utility explained their position in the matter and plaintiff advised formal complaint necessary to pursue matter further. **CLOSED.**

U-539.—Complaint was made of very poor and inadequate service, and discontinuance of same. Service was restored by utility and allowance made for lack of service. Plaintiff satisfied with adjustment. **CLOSED.**

U-541.—Complaint was made of irregular meter reading. Arrangement was made for reading of meter at intervals between readings by regular meter reader. Result was found to be the same and explained to plaintiff. CLOSED.

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U-542.—Complaint was made as to the manner of rendering average bills and was adjusted by utility. CLOSED.

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U-543.—Complaint was made of annoyance caused by efforts of telephone company to collect erroneous bill. Matter was investigated and refund made to plaintiff. CLOSED.

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U-544.—Complaint was made of excessive rates charged by defendant telephone company at Grass Valley and Shaniko. Representative of utility conferred with plaintiff and temporary arrangement made. CLOSED.

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U-545.—Complaint was made of excessive deposit required by gas company. Deposit was found to be excessive and adjusted to satisfaction of plaintiff. CLOSED.

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U-546.—Complaint was made of practice of telephone company of discontinuing service because of bills not being paid during month in which service charged for is rendered. Matter was explained by defendant, and plaintiff advised of order in matter of rates, etc. CLOSED.

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U-547.—Complaint was made of refusal to furnish telephone service at flat rate, in restaurant. Application for service in another location was accepted. CLOSED.

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U-548.—Complaint was made of electric service discontinued and refusal to reconnect for prospective tenant. Utility explained balance due from plaintiff and matter was not pursued further by plaintiff. CLOSED.

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U-549.—Complaint was made of charge for farmer line extension telephones. Suggestions for proper adjustment were made by Commission and matter closed. CLOSED.

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U-550.—Complaint was made of condition of tracks on Clinton Street, Portland. Investigation disclosed that condition should be remedied, which was temporarily done by company. CLOSED.

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U-551.—Complaint was made of inability to secure telephone service after deposit was accepted. Delay was due to inability on part of utility to furnish two party service, but four party service was temporarily provided to satisfaction of plaintiff. CLOSED.

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U-553.—Complaint was made of meter deposit made three years ago not being returned. Electric utility agreed to refund cost of meter together with interest from time law went into effect. CLOSED.

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U-554.—Complaint was made of annoyance in the rendering and collection of bills for telephone service and temporarily disconnected service. Matter was adjusted by utility. CLOSED.

U-555.—Complaint was made with reference to sale of part of telephone line and prospective discontinuance of service unless stock in the new company was purchased. Matter was satisfactorily adjusted.

CLOSED.

U-556.—Complaint was made of discontinuance of service without good cause. Upon investigation, found that parties had been confused by utility and satisfactory adjustment was made.

CLOSED.

U-557.—Investigation was made of toll rates from Independence to Portland as compared with rates from Albany and other points the same or greater distance from Portland. Matter was called to attention of telephone company. Air line rates contemplated.

CLOSED.

U-558.—Complaint was made of excessive minimum for electric lighting service extension. Minimum was reduced and plaintiff satisfied.

CLOSED.

U-559.—Complaint was made of toll rates from Independence via Albany to and from Portland. Company advised air line rates planned, which would eliminate differences existing.

CLOSED.

U-560.—Complaint was made of excessive gas bills. Matter was investigated, but plaintiff could not be located.

CLOSED.

U-561.—Complaint was made of inability to get service after having paid month in advance and having been given number to be placed on advertising matter already sent out. Telephone was installed within five days of time of making complaint.

CLOSED.

U-562.—Complaint was made of unreasonable rates and service furnished by electric utility. Adjustment and settlement made by company to satisfaction of plaintiff.

CLOSED.

U-563.—Complaint was made of meter and test requested. Meter was found to be one per cent fast, which is within allowable limit of accuracy.

CLOSED.

U-564.—Application was made for test of gas meter. Meter was found to be six-tenths per cent fast, which is within allowable limits of accuracy.

CLOSED.

U-565.—Application was made for test of gas meter. Meter was found to be seven per cent fast, which is not within allowable limit, and matter was adjusted.

CLOSED.

U-566.—Complaint was made, alleging discrimination in application of charge for calls, etc. Investigation disclosed that plaintiff was not subscriber and entitled to pay toll charge for use of the line.

CLOSED.

U-567.—Complaint was made, alleging discrimination in service. Satisfactory settlement was made by utility.

CLOSED.

U-568.—Complaint was made of shortage of water at times. Utility explained due to water running all night, but would see that proper care was taken not to let shortage occur again. CLOSED.

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U-569.—Complaint was made of error in bill rendered. Matter was explained and adjusted by utility. CLOSED.

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U-570.—Complaint was made of inability to secure telephone service for general merchandise store at Lane, Oregon. Installation was made by telephone company. CLOSED.

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U-571.—Complaint was made of excessive lighting bills rendered. Investigation by Commission indicated overcharge extending over long period, and proper refund was made to patron. CLOSED.

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U-572.—Complaint was made of inability to secure telegraph service, although railroad agent had instruments and was willing to handle the business. Matter could not be adjusted informally, and plaintiff advised formal complaint necessary to pursue the matter further. CLOSED.

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U-573.—Complaint was made of service discontinued and excessive charges. Complaint was found to be due to misunderstanding on part of utility. Service was installed, and refund made. CLOSED.

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U-574.—Complaint was made of discrimination in rates of electric utility. Matter was taken up with utility for remedy. CLOSED.

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U-576.—Complaint was made of excessive rate and delayed service. Service was installed, and rate found to be in accordance with published tariff. CLOSED.

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U-577.—Complaint was made of poor maintenance conditions and inferior service furnished by telephone company. Matter could not be adjusted informally and plaintiff was advised formal complaint necessary to pursue the matter further. CLOSED.

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U-578.—Complaint was made of change for farmer line service from \$3.00 to \$18.00 per year; also disconnected service. Matter was taken up with utility and service furnished at established rate of \$3.00. CLOSED.

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U-579.—Complaint was made of installation charge for telephone service. Matter was satisfactorily explained by utility. CLOSED.

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U-580.—Rates and service of telephone utility complained of. Plaintiff desired to build line and obtain exchange connection. Matter taken up with defendant and adjusted. CLOSED.

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U-581.—Complaint was made of disconnection of telephone service. Matter could not be adjusted informally, and plaintiff advised formal complaint necessary for Commission to act further in the matter. CLOSED.

U-582.—Complaint was made of discrimination in toll charges from Milwaukie to Portland as against those from St. Johns to Portland. Matter was investigated and plaintiff advised St. Johns is within city limits and Milwaukie is not, which accounts for toll charge. **CLOSED.**

U-583.—Complaint was made of excessive deposit required by electric utility, before service would be rendered. Explanation made by defendant that utility had lost considerable money on plaintiff in past and deposit was required as guarantee. Matter was adjusted. **CLOSED.**

U-584.—Complaint was made of excessive water bill rendered. Refund was made by utility. **CLOSED.**

U-585.—Complaint was made of interruptions of electric service. Satisfactory adjustment was made. **CLOSED.**

U-586.—Complaint was made of poor service furnished by telephone company. Defendant advised trouble was due to logging operations and settlement satisfactory to plaintiff was made. **CLOSED.**

U-587.—Complaint was made of telephone line torn down and refusal of workmen to restore same. Line was rebuilt without delay. **CLOSED.**

U-588.—Complaint was made by numerous patrons of power utility of discrimination and excessive rates. Matter was partially adjusted by utility and complaint withdrawn in part. **PENDING.**

U-589.—Complaint was made of charge for service during temporary disconnection. Matter could not be adjusted informally and complainants advised formal action necessary in order to pursue matter further. **CLOSED.**

U-590.—Complaint was made of poor service rendered by telephone company. Matter was investigated and plaintiff satisfied with settlement made. **CLOSED.**

U-591.—Complaint was made of vacation rate not allowed. Investigation was made and tariff covering point explained to plaintiff. **CLOSED.**

U-592.—Complaint was made of meter rental charge and discrimination on part of power company. Utility was ordered to observe Commission's rules in connection with the matter. **CLOSED.**

U-594.—Complaint was made of inability to secure telephone service. Matter was taken up with company and installation completed. **CLOSED.**

U-595.—Complaint was made of prefix "Sellwood" by patron at Portland. Matter could not be adjusted informally, and plaintiff was advised formal complaint necessary. **CLOSED.**

U-596.—Complaint was made of inability to secure telephone service. Utility explained delay was due to fact that there was no vacancy in cable. New facilities were put in and installation completed. **CLOSED.**

U-597.—Complaint was made of delayed service in installation of telephone. Delay was explained as due to insufficient cable capacity to take care of new subscribers. New cables were put in and installation made. CLOSED.

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U-598.—Complaint was made of inability to secure power service. Delay was due to misunderstanding on part of utility and satisfactory adjustment had. CLOSED.

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U-599.—Complaint was made of discrimination in disconnection of telephone. Utility explained action as in accordance with rules and regulations and adjustment was made. CLOSED.

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U-600.—Complaint was made of excessive telephone rate charged for apartment house service in Salem as against Portland rate. Matter could not be adjusted informally, and plaintiff was requested to hold complaint in abeyance in view of general investigation of utility's practices now before the Commission. CLOSED.

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U-601.—Complaint was made of delayed installation of telephone service. Adjustment was made by utility. CLOSED.

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U-602.—Complaint made of delayed installation of telephone service. Company explained delay due to insufficient cable capacity. Telephone was installed as quickly as possible. CLOSED.

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U-603.—Complaint was made that although wires of electric utility ran within block of house, plaintiff was unable to secure service. Matter is now in process of adjustment. PENDING.

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U-604.—Complaint was made of instances when passengers were passed by motormen. Matter was taken up with company and greater care promised in taking care of such matters. CLOSED.

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U-605.—Complaint was made of average bill rendered when meter was not registering. Utility made proper refund. CLOSED.

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U-606.—Complaint was made of slow car service from Portsmouth to Portland, due to indirect routing and local stops. Matter was taken up with the company and routing of car changed to render service more satisfactory. CLOSED.

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U-607.—Complaint was made of interruption of service at theatre, causing loss of money, which was refunded to patrons. Also complained of two minimums, due to there being two meters having been installed. Matter was adjusted. CLOSED.

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U-608.—Complaint was made of overcharge on gas bill. Investigation disclosed fact that meter was incorrectly read, and refund was made by utility. CLOSED.

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U-609.—Complaint was made of unreasonable rate requested for electric light service and delayed service awaiting payment. Investigation developed that due to long extension service could not be rendered for usual minimum charge. Complaint withdrawn. CLOSED.

U-610.—Complaint was made that company refused to connect water unless faucet was put in house. Complaint was taken up with utility who explained their position in the matter. Matter was adjusted. **CLOSED.**

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U-611.—Complaint regarding frequent stops in long distance streetcar service. Matter has been subject of conferences between interested parties and representatives of the Commission. **PENDING.**

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U-612.—Complaint regarding telephone rates and service Waldport and vicinity. Transferred to U-F-176. **CLOSED.**

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U-613.—Excessive gas bill alleged. Investigation resulted in explanation satisfactory to plaintiff. **CLOSED.**

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U-614.—Unwarranted disconnection of telephone service alleged. Utility explained discontinuance of service due to misunderstanding. Complaint satisfactorily adjusted. **CLOSED.**

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U-615.—Complaint regarding delayed installation of telephone. Utility explained that delay was due to lack of vacancies in cable. Service established. **CLOSED.**

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U-616.—Poor telephone service alleged. Utility improved service to satisfaction of plaintiff. **CLOSED.**

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U-617.—Hazardous wiring conditions at Grants Pass alleged. Matter taken up with interested utilities. **PENDING.**

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U-618.—Overcharge in long distance rates alleged. Matter taken up with the utility. **CLOSED.**

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U-619.—Application of utility for authority to make allowance in water bill due to conditions beyond control of patron. Application granted. **CLOSED.**

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U-620.—Telephone rates and practices alleged to be unreasonable. Matter taken up with the utility. **PENDING.**



## REPARATION AUTHORIZATIONS AND WAIVERS

File No.	Company	Date	Amount	Remarks
1915				
R-2160	S. P. Co. ....	Oct. 11	\$ 2.68	Uncollectible.
R-2127	S. P. Co. ....	Dec. 8	38.25	Tariff published later.
R-2166	S. P. Co. ....	Dec. 8	3.07	Based on fir wood rate.
R-2178	S. P. & S. Ry. Co. ....	Dec. 15	211.62	Error in assessing charges.
R-2194	O. E. Ry. Co. ....	Dec. 18	12.00	Tariff published later.
R-2176 1/2	S. P. Co. ....	Dec. 28	11.25	Tariff published later.
1916				
R-2212	O.-W. R. & N. Co. ....	Jan. 14	17.98	Tariff published later.
R-2216	S. P. Co. ....	Jan. 26	112.44	Not permitted to load to full marked capacity.
R-2221	S. P. Co. ....	Jan. 27	14.02	Tariff published later.
R-2206	O.-W. R. & N. Co. ....	Feb. 4	12.10	Error in assessing charges.
R-2207	S. P. Co. ....	Feb. 5	51.23	Special tariff published later.
R-2231	P. R. L. & P. Co. ....	Feb. 8	4.72	Error in tariff.
R-2253	S. P. Co. ....	Mar. 21	163.71	Tariff published later.
R-2256	S. P. Co. ....	Mar. 22	12.00	Tariff published later.
R-2265	S. P. Co. ....	April 7	3.38	Tariff published later.
R-2265	O.-W. R. & N. Co. ....	Mar. 30	59.44	Tariff published later.
R-2270	S. P. Co. ....	April 14	10.63	Excessive rate.
R-2254	P. & E. R. R. Co. ....	April 15	72.00	Excessive rate.
R-2222	S. P. Co. ....	April 20	32.50	Rate effective later.
R-2279	S. P. & S. Ry. Co. ....	May 1	35.80	Smaller capacity cars ordered.
R-2304	S. P. Co. ....	June 10	1,033.51	Error in assessing rate.
R-2305	P. & E. R. R. Co. ....	June 10	86.22	Rate reinstated later.
R-2307	O.-W. R. & N. Co. ....	June 10	35.90	Error in quoting special rate.
R-2294	O.-W. R. & N. Co. ....	June 16	10.24	Excessive local rates.
R-2306	O.-W. R. & N. Co. ....	June 20	92.10	Special rate effective later.
R-2328	S. P. & S. Ry. Co. ....	July 7	119.06	Special rate effective later.
R-2331	O.-W. R. & N. Co. ....	July 21	20.00	Error in assessing charges.
R-2337	S. P. & S. Ry. Co. ....	Aug. 2	20.39	Tariff corrected later.
R-2344	S. P. Co. ....	Aug. 10	1.12	Misunderstanding of shipper re rate.
R-2345	S. P. & S. Ry. Co. ....	Aug. 19	31.78	Misunderstanding of rate and movements.
R-2204	S. P. & S. Ry. Co. ....	Aug. 19	3.16	Tariff published later.
R-2353	S. P. Co. ....	Sept. 15	20.00	Excessive charges.
R-2352	S. P. Co. ....	Oct. 16	36.77	Tariff published later.
R-2393	S. P. Co. ....	Nov. 3	18.00	Excessive charges.
R-2400	O. T. Ry. ....	Nov. 3	33.75	Excessive charges.
R-2383	O.-W. R. & N. Co. ....	Nov. 20	121.90	Tariff published later.
R-2408	S. P. & S. Ry. Co. ....	Nov. 20	24.00	Tariff published later.
R-2411	P. & E. Ry. Co. ....	Nov. 20	8.03	Error in assessing charges.
R-2393	O.-W. R. & N. Co. ....	Nov. 27	181.84	Wharfage and handling charges.
R-2429	O. E. Ry. Co. ....	Dec. 6	4.03	Excessive charges.
R-2437	S. P. Co. ....	Dec. 15	82.50	Excessive charges.
1915				
U- 509	P. Gas & Coke Co. ....	Dec. 29	5.10	Overcharge.
U- 521	P. Gas & Coke Co. ....	Feb. 4	3.76	Excessive charges.
U- 526	P. Gas & Coke Co. ....	Feb. 10	7.08	Excessive charges.
U- 516	P. Gas & Coke Co. ....	Feb. 24	2.50	Overcharge.
U- 517	P. Gas & Coke Co. ....	Feb. 24	4.95	Valve left open.
U- 540	P. Gas & Coke Co. ....	Mar. 20	6.40	Excessive charges.
U- 474	Cal.-Or. P. Co. ....	Mar. 21	3.75	Two minimums assessed.
U- 552	P. Gas & Coke Co. ....	Aug. 5	4.97	Excessive charges.
U- 575	P. Gas & Coke Co. ....	Aug. 14	8.25	Excessive charges.
U- 619	Cal.-Or. P. Co. ....	Dec. 7	8.15	Leak in meter.
Total .....			\$2,919.09	

## APPENDIX I

PART III.—FORMAL COMPLAINTS AGAINST RAILROADS  
AND UTILITIES

In the Matter of the Electric Lighting, Heating and Power Rates of PORTLAND RAILWAY, LIGHT & POWER COMPANY, a Corporation. (Investigation on Commission's own motion.) } No. U-F-47

(ORDER ENTERED DECEMBER 1, 1915—P. S. C. ORDER NO. 57)

For cause shown, it is ORDERED: That the following documents be and the same hereby are received in evidence in the above entitled matter, and that the same be marked as exhibits taking the following numbers, viz:

Exhibit No. 78 of Respondent: "Supplementary Financial Tabulations Pertaining to Going Cost Tabulation." Submitted April 21, 1915.

Exhibit No. 79 of Respondent: Report of appraisal of real estate at Oregon City by Mr. W. P. Hawley. Submitted April 21, 1915.

Exhibit No. 80 of Respondent: Report of Mr. F. W. Hild with respect to The Oaks and Recreation Park properties. Submitted April 21, 1915.

Exhibit No. 81 of Respondent: "Going Cost Calculation, Supporting Details," Folio submitted May 14, 1915.

Exhibits No. 82 of Respondent to No. 88 of Respondent, inclusive: "Going Cost Calculation, Supporting Details." Folios numbered 2 to 8, respectively, and severally submitted May 21, 24, 28 and 31, and June 1, 3 and 21, 1915.

Exhibit No. 89 of Respondent: "Capital Stock Issued, Funded Indebtedness." Submitted May 29, 1915.

Exhibit No. 90 of Respondent: "Subsidies." Submitted June 19, 1915.

Exhibit No. 91 of Respondent: "Revised Going Cost Calculation." Submitted October 6, 1915.

Exhibit No. 92 of Respondent: Statement of Mr. O. B. Coldwell, General Superintendent, Light & Power Department of Respondent, as to Permits and Easements. Submitted November 17, 1914.

Exhibit No. 93 of Respondent: "Analysis of Additions to Property and Plant Accounts, Year Ending December 31, 1913, and Six Months Ending June 30, 1914."

Exhibit No. 30 of the Commission: Report by Mr. J. P. Newell, "Reply to Mr. Gray's Criticism of Water Rights Valuation."

Exhibit No. 31 of the Commission: Report of Mr. Edward Ostrander, Assistant Secretary of the Commission, filed October 4, 1915.

In the Matter of the Application of the WESTERN TELEPHONE COMPANY for authority to change its rates for telephone service in the exchange of Woodburn, Oregon. } No. U-F-142

(ORDER ENTERED DECEMBER 1, 1915—P. S. C. ORDER NO. 58)

Application of the Western Telephone Company for the entry of an order based upon the findings heretofore made in this case. The applicant showed that it had complied with the requirements of the Commission as to consolidation of the telephone plants described in the findings, and this statement was supported by the affidavit of the manager of the applicant utility and by the report of the engineer of the department of utilities of the Commission.

Based upon the original findings herein and the present showing of compliance with the conditions in the original findings,

IT IS NOW HEREBY ORDERED, CONSIDERED AND DETERMINED, that effective December 1, 1915, the applicant shall make and impose the charges for

telephone service, at Woodburn, Oregon, found by the original findings herein to be just and reasonable, to-wit:

	<i>Per Month</i>
Business, one party .....	\$2.50
Business, two party .....	2.25
Business, four party .....	2.00
Residence, one party .....	2.00*
Residence, two party .....	1.75*
Residence, four party .....	1.50*
Extension telephones .....	.50
Business, suburban party line .....	1.50**
Residence, suburban party line .....	1.00**
	<i>Per Year</i>
Farmer party lines (subscriber owns and maintains equipment and line to city limits) .....	\$6.00
	<i>Per Month</i>
Extension bell only (ordinary) .....	\$0.15
Extension bell only (loud ringing) .....	.25
Extension telephone (without bell) .....	.35

All monthly bills payable in advance before the tenth day of the month.

Farmer line bills (yearly rate) payable semiannually in advance during the first month of the period.

The utility may discontinue service to a customer for failure to pay for such service in the manner provided by the existing schedules of the utility, or for other incidental telephone charges due from the customer because of the installation of such service, covered by the lawful schedules of the utility, but not until written notice has been given to the customer of intention so to do, as follows: (1) When bills are normally made out monthly, until the expiration of at least fifteen (15) calendar days after such written notice; (2) when bills are normally made out for periods in excess of one month, until the expiration of at least thirty (30) calendar days after such written notice. Such notice may be incorporated in the bill for service provided it is prominently displayed in general form and style previously approved by the Commission.

LEWIS J. GLASS, Plaintiff,

v.

OREGON ELECTRIC RAILWAY COMPANY, Defendant,

} No. F-444

(ORDER ENTERED DECEMBER 24, 1915—P. S. C. ORDER NO. 63)

Complaint as to unsuitable location of the station at Loganville, and for its relocation at Crosby Crossing.

*Appearances:*

Lewis J. Glass, Plaintiff, in person;  
Omar C. Spencer, for Defendant.

By order of the Railroad Commission of Oregon, entered October 3, 1913, in case of Percy v. Oregon Electric Railway Co., No. F-260 (see 1913 Report of Railroad Commission of Oregon, p. 113) it was ordered that defendant, Oregon Electric Railway Co., a common carrier engaged in the transportation of persons and property by railroad between points within the State of Oregon, should erect and maintain a suitable flag station upon its main line of railroad at or near the south line of the property owned by the Northwestern Trust Company, situated about one and a quarter miles north of the station of West Woodburn. The point described is about a quarter of a mile north of the crossing of the public highway known as Crosby Crossing. Pursuant to such order, defendant established a flag station and waiting shed at the point so described, and the same is known as the station of Loganville. Defendant also installed a freight siding at Loganville, although the order of the Commission did not require such facility.

The evidence in the present case shows that there is but little use for a station for either freight or passengers at Loganville. In this respect the expectations of witnesses who testified before the Commission, and upon whose testimony the Commission relied in making its former order, seem not to be justified in realiza-

\* Portable or desk telephone, \$0.25 per month extra.

\*\* Wall telephone only.

tion. The evidence shows a maximum of nineteen or twenty families would be somewhat accommodated by moving the station from Loganville to Crosby Crossing, or by requiring the defendant to put in similar facilities, including a flag stop, waiting shed and loading siding, at Crosby Crossing, which is about one mile north of the station of West Woodburn. At West Woodburn the defendant maintains a station with an agent and ample loading facilities, and that station is a regular stop for trains. To move the station and siding from Loganville to Crosby Crossing would require the expenditure of several hundred dollars. The showing made indicates that the expense required in constructing the station facilities asked at Crosby Crossing would not be warranted by the volume of business presently to be expected.

ORDERED, CONSIDERED AND DETERMINED, that the complaint in the above entitled matter be and the same hereby is dismissed.

CITY OF MARSHFIELD, Plaintiff, ....

v.

COOS BAY WATER COMPANY, Defendant,

} No. U-F-1

CITY OF NORTH BEND, Plaintiff,

v.

COOS BAY WATER COMPANY, Defendant.

} No. U-F-12

(ORDER ENTERED DECEMBER 24, 1915—P. S. C. ORDER NO. 64)

Application of the Coos Bay Water Company for a modification of the order heretofore entered in the above-entitled consolidated matters, as will be hereinafter set out, and upon the complaints of the cities of North Bend and Marshfield, respectively, as to the nonobservance of the order of the Commission in certain particulars.

**Appearances:**

John D. Goss, for City of Marshfield.

A. H. Derbyshire, for City of North Bend.

W. C. McCulloch and Joseph N. Teal, for Coos Bay Water Company.

By order of the Commission dated December 23, 1913, (see 1914 report of Railroad Commission of Oregon, page 127) the service afforded by the defendant Coos Bay Water Company in furnishing water within the cities of Marshfield and North Bend was found to be inadequate, and certain additions and betterments of the storage and distribution system of defendant were required to be made by August 1, 1914. By an order simultaneously made in other proceedings against defendant pending at the same time, certain rates were fixed for service supplied by the defendant in Marshfield and North Bend. The order in the last mentioned matter (see 1914 report of Railroad Commission of Oregon, page 146) was conditioned upon full compliance by the applicant with the orders of the Commission prescribing a reasonable service and additional facilities to be afforded by the defendant, entered December 23, 1913, in the above entitled matters.

Defendant subsequently applied for an extension of time in which to complete the improvements prescribed, and the city council of Marshfield having adopted certain resolutions suggesting certain changes in our original order, by order entered herein July 24, 1914, the Commission modified its order of December 23, 1913, and extended the time within which the defendant should complete and put in operation the various lines of pipe which the original order required it to install. Such time has now expired.

One of the requirements of the modified order was that the defendant should construct and maintain, in connection with its transmission and distribution system, a ten inch main in the city of Marshfield, beginning at the corner of Central Avenue and Tenth Street, running thence northerly along Tenth Street to Date Avenue, thence east along Date Avenue to Ninth Street North, thence north along Ninth Street North to Fir Avenue, thence east along Fir Avenue to Eighth Street North, thence north along Eighth Street North to Hemlock Avenue, and thence east along Hemlock Avenue to Seventh Street North. The ten inch main so required to be constructed was intended primarily for the purpose of providing additional service and pressure for the city of North Bend and incidentally to serve a certain district in the city of Marshfield.

The defendant wishes to be relieved from the necessity of constructing such ten inch main, and alleges that its existing service in the cities of Marshfield and North Bend is adequate, and prays that the Commission may make such order in the premises as may be proper. The cities of North Bend and Marshfield each ask that the Commission proceed against the defendant for the statutory penalty for failure to comply with the order of the Commission within the time limited; that the prayer for modification of the order be denied; or that in event defendant is relieved from the necessity of making such extension, the schedules of rates fixed by the Commission be correspondingly decreased.

Having examined the entire record as well as the testimony taken upon the submission of the recent proceedings by the various parties, the Commission finds that it is not reasonable to require the defendant to construct the ten inch main previously described. An order should, therefore, be entered modifying the previous order herein entered by eliminating therefrom the ten inch main along the route previously described.

As the Commission has now found that it has developed that the ten inch main required by the previous orders of the Commission was not reasonably necessary, it follows that no action for penalty should be commenced against the defendant for not constructing the same, as the defendant moved for a modification of the order in this regard prior to any such action being taken, and it appears that the failure of the defendant to comply with the order in this regard was not contumacious.

The applications of the respective cities for a modification of the order as to rates must be denied. The Commission has again examined the record before it with respect to such rates as have been previously fixed by the order already referred to. While such rates were predicated on the compliance by the defendant with the order requiring additional service, the presence or absence of the ten inch main already described would not reflect itself in any appreciable degree in the schedule of rates provided.

The defendant's distribution system at North Bend consists of what are known as the low pressure and high pressure units. At times when there is a considerable demand for water, as in event of a fire, the present construction of the defendant's system does not permit the maintenance of adequate pressure in the low pressure unit, or the furnishing of a sufficient supply of water in the high pressure unit. This inadequacy of service can reasonably be avoided by the construction of an additional reservoir or reservoirs at substantially the same elevation as the existing reservoir of the defendant in North Bend, with a minimum storage capacity of 250,000 gallons. Such reservoir or reservoirs should be so constructed that at all times at least fifty per cent of the total storage capacity thereof should be available for instantaneous use. This storage capacity is in addition to existing facilities. Defendant utility should maintain its available storage capacity in North Bend at as near the maximum as may be consistent with reasonable operating conditions, and except in case of emergency or accident, the water in storage should never be less than fifty per cent of the total storage capacity provided. Proper connections, including a check valve at Porter Mill pumping plant of the defendant should be installed to establish a second line of communication from the reservoir, and a direct line from the pump there maintained to hydrants in the business section of North Bend. All of the high pressure storage capacity in North Bend should be made available for the fire protection of the city of Marshfield when necessary, by the installation of a short by-pass connection around the check valve above mentioned.

February 1, 1916, is a reasonable time within which the defendant shall commence construction of the facilities hereby found to be reasonable and necessary and April 1, 1916, is a reasonable time within which the defendant shall complete same.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that on or before February 1, 1916, the defendant shall commence construction of the facilities hereinbefore found to be reasonable, and that the same shall be completed by the defendant on or before April 1, 1916, and that the facilities and service as hereinbefore found to be reasonable shall thereafter be furnished and supplied by the defendant; that the order of the Commission entered December 23, 1913, as modified July 24, 1914, be amended by eliminating therefrom the requirement for the construction of the ten inch main running along the route hereinbefore described; that the original order entered herein and its modifications in other respects remain in full force; and that the complaint of the cities be denied except as hereinbefore specifically sustained.

LINN COUNTY, OREGON, a Municipal Corporation,  
ALBANY SAND & GRAVEL COMPANY, a Corporation, R.  
A. Murphy and W. V. Merrill, Copartners Under  
the Firm Name and Style of MURPHY SEED STORE;  
E. A. Johnson and R. R. Knox, Copartners Under  
the Firm Name and Style of ALBANY MILL & ELE-  
VATOR CO., ALBANY COMMISSION COMPANY, a Corpo-  
ration, and CAMERON PLANING MILL CO., a Corpora-  
tion, Plaintiffs,

v.

SOUTHERN PACIFIC COMPANY, a Corporation, OREGON  
ELECTRIC RAILWAY COMPANY, a Corporation, and  
CORVALLIS & EASTERN RAILROAD COMPANY, a Corpo-  
ration, Defendants.

No. F-424

(ORDER ENTERED DECEMBER 27, 1915—P. S. C. ORDER NO. 65.)

Complaint alleging inadequate, unreasonable, insufficient and unjustly discriminatory service afforded by defendants with respect to the interchange and interswitching of traffic between their respective lines on Water street and elsewhere in the city of Albany.

**Appearances:**

Gale S. Hill, District Attorney, for Plaintiffs.

Ben C. Dey, Attorney, for Southern Pacific Company and Corvallis & Eastern Railroad Company.

Omar C. Spencer, Attorney for Oregon Electric Railway Company.

Defendant, Southern Pacific Company, a corporation of the State of Kentucky, and defendant, Oregon Electric Railway Company, a corporation of the State of Oregon, are railroads engaged as common carriers, in transporting persons and property between points within the State of Oregon. Their tracks cross at common grade in the city of Albany, Linn County, but no interchange or connection is made between the lines of these railroads in Albany, or at any other point, except in the city of Portland, where traffic may be interchanged through intermediate carriers.

Both the Southern Pacific Company and the Oregon Electric Railway Company maintain tracks on Water Street in the city of Albany, which run parallel for a considerable distance but a few feet apart and at a common grade. There is, however, no facility afforded by either of such defendants for the interchange of intrastate traffic between their respective lines for forwarding and delivering property, or for transferring and switching any intrastate freight or cars, loaded or empty, destined to any point upon the track of the other company, except in the city of Portland as above stated.

The plaintiffs are shippers of intrastate freight, with places of business situated along Water Street in Albany. The places of business of some of them are reached by spurs or industry tracks from the track of the Southern Pacific Company, while others are similarly reached by spurs or industry tracks from the rail line of the Oregon Electric Railway Company.

It is entirely feasible, from an engineering and operating standpoint, and at a nominal cost, to connect the tracks operated by the Southern Pacific Company and Oregon Electric Railway Company upon Water Street, in Albany, so as to permit the interchange of traffic between the respective lines of such companies, for forwarding and delivering property; and it is entirely feasible for each company to transfer, switch and deliver without discrimination or unreasonable delay any intrastate freight or cars, loaded or empty, destined to such industry tracks, or to other points upon its tracks, or any connecting line, within the State of Oregon, received from the other company.

The service and facilities afforded by the Southern Pacific Company and the Oregon Electric Railway Company in the respects before enumerated is unreasonable and inadequate.

The Commission finds that reasonable, proper, and equal facilities for the interchange of intrastate traffic between the respective lines of the Southern Pacific Company and Oregon Electric Railway Company for the forwarding and delivering of property moving in intrastate commerce would be to make a physical connection of the tracks of the said companies upon Water Street, in Albany; and

that after such physical connection has been made, that each of said railroads should transfer, switch for a reasonable compensation, and deliver without discrimination or unreasonable delay, any intrastate freight or cars, loaded or empty, received from the other respective railroads, destined to any point on its track, or any connecting line, within the State of Oregon.

The physical connection between such lines on Water Street is more feasible and desirable than would be a connection of the tracks of the two companies at the point of intersection of their respective lines in Albany, already mentioned.

The cost of making and maintaining such connection should be equally divided and borne between the defendants, Southern Pacific Company and Oregon Electric Railway Company.

Defendant, Southern Pacific Company, has stated to the Commission that the engineering problem presented by such physical connection is simple. It is, therefore, recommended that the defendants, Southern Pacific Company and Oregon Electric Railway Company, agree between themselves as to the exact place and manner of making such physical connection of their lines; and in event the defendants are unable to agree, the Commission retains jurisdiction for the purpose of determining such matter and will proceed to hear and determine the same upon the written request of either party and upon five days notice to the other.

Corvallis & Eastern Railroad Company, a corporation of the State of Oregon, is a party defendant in this proceeding. It formerly owned the line of railroad crossed by the defendant, Oregon Electric Railway Company, in Albany, which has previously been mentioned. During the pendency of this proceeding (but before the submission) its line of railroad was taken over by the Southern Pacific Company, which owns and operates the same. The further presence of the Corvallis & Eastern Railroad Company as a defendant in this proceeding being unnecessary, the complaint will be dismissed as to it.

In making these findings, the Commission has considered only traffic moving locally and wholly within the State of Oregon.

Thirty days from and after the date of the service of a copy of this order upon the defendants, Southern Pacific Company and Oregon Electric Railway Company, is a reasonable time within which to comply with the requirements thereof.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that within thirty days from and after the date of the service of a copy of this order upon the defendants, Southern Pacific Company and Oregon Electric Railway Company, they shall so physically connect their tracks of railroad upon Water Street in the city of Albany as to afford a reasonable, proper and equal facility for the interchange of intrastate traffic between their respective lines of railroad for forwarding property, and shall thereafter transfer, switch for a reasonable compensation, and deliver without discrimination or unreasonable delay any intrastate freight or cars, loaded or empty, destined to any point on its track or connecting lines within the State of Oregon, received or tendered by the other defendant, provided that precedence over other freight shall be given to livestock and perishable freight; that the cost of making and maintaining such connection shall be equally defrayed by said defendants, Southern Pacific Company and Oregon Electric Railway Company. In event of the inability of said defendants to agree between themselves as to the exact place and manner of making such connection, the Commission retains jurisdiction for the purpose of determining such matter and will proceed to hear and determine the same upon the written request of either party upon five days notice to the other.

Nothing in this order contained is intended or should be construed as applicable to the movement of any commerce, except that interchanged between the defendants, Southern Pacific Company and Oregon Electric Railway Company, and their respective connections, moving locally and wholly within the State of Oregon.

A. GEISER *et al.*, Plaintiffs,

v.

OREGON-WASHINGTON RAILROAD & NAVIGATION COM-  
PANY, and OREGON SHORT LINE RAILROAD COMPANY,  
Defendants.

No. F-462.

(ORDER ENTERED DECEMBER 27, 1915—P. S. C. ORDER NO. 67.)

Complaint involving inadequate facilities and unreasonable service, the plaintiffs alleging the defendants fail and refuse to provide suitable shelter shed at Sardipie and to change the name of their station to conform to the name of the postoffice.

**Appearances:**

A. Geiser, and L. H. Brehms, for Plaintiffs.

W. A. Robbins, for Defendants.

At the hearing the defendants offered to provide substantially the facilities prayed for in the complaint and to change the name of the station in accordance with the desires of the plaintiffs. Such offer being agreeable and acceptable to the plaintiffs, and it appearing that the same has been carried out, and the plaintiffs having advised that they have no grounds for further complaint,

IT IS ORDERED, that the complaint in the above entitled matter be, and the same hereby is, dismissed.

R. F. GRAHAM, SR., *et al.*, Plaintiffs,

v.

SPOKANE, PORTLAND & SEATTLE RAILWAY COMPANY,  
Defendant.

No. F-465

(ORDER ENTERED JANUARY 7, 1916—P. S. C. ORDER NO. 69.)

Complaint by the citizens of Prescott, Oregon, alleging inadequate train service in that the defendant fails and refuses to stop certain of its trains at such station.

**Appearances:**

C. E. Graham, for Plaintiffs.

C. A. Hart, for Defendant.

The Spokane, Portland & Seattle Railway Company is a corporation of the State of Washington, which operates, among others, a line of railroad extending from Portland, Oregon, to Seaside, Oregon, and is a common carrier of passengers and freight between points within the State of Oregon. Prescott is a station upon such line of railroad.

At the present time Prescott has train service consisting of two trains in each direction per day, leaving Prescott as follows: Westbound—2:06 p. m., and 6:48 p. m.; eastbound—7:22 a. m., and 2:50 p. m. Such trains stop on flag only.

For a long time prior to June, 1915, in addition to the above service, Train No. 21, westbound, in the morning, and Train No. 24, eastbound, in the evening, stopped on flag at this station; but during the month of June, 1915, such service was discontinued by the defendant. These trains now pass Prescott at approximately 9:40 a. m. and 8:30 p. m., respectively, and it is for the stoppage of these trains, on flag, that the plaintiffs contend. There is no public highway by means of which it is possible to reach Prescott, and the plaintiffs herein depend upon the defendant almost exclusively for transportation facilities.

Rainier, which is also a station upon the line of railroad of the defendant, is situated approximately three and one-half miles from Prescott, and the citizens of Prescott depend to a large extent upon Rainier for their supply of meats, dry goods, drugs, etc., as well as their medical assistance and amusements. Under the existing schedule of the defendant, no reasonable opportunity exists for the plaintiffs to make the trip to Rainier, attend to their business, and return the same day by the use of the defendant's railroad facilities. Nor is there a reasonable opportunity for patrons of defendant's lines, coming from the east, to reach Prescott, transact any business and return the same day.



Defendant's service, by reason of the foregoing matters and things, is unreasonable, unjust and inadequate.

A just, reasonable and adequate service for the defendant to afford in the future in lieu of that herein condemned, is to stop, on flag, its trains, Nos. 21 and 24, at such station of Prescott.

Twenty days is a reasonable time within which to comply with the provisions of this order.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that within twenty days from and after the date of the service of a copy of this order upon it, the defendant shall cease and desist from the violations of law hereinbefore set forth, and in lieu of the service herein condemned, shall substitute the reasonable, just and adequate service, set out.

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In the Matter of the Application of THE PACIFIC TELEPHONE & TELEGRAPH COMPANY for Authority to Discontinue Rates. } No. U-F-158

(ORDER ENTERED JANUARY 13, 1916—P. S. C. ORDER NO. 70.)

Application for authority to discontinue certain toll rates, effective between Coburg Boom, Lane County, Oregon, and other Oregon points, reached over the long distance telephone lines of The Pacific Telephone & Telegraph Company, which were carried by the applicant January 1, 1911.

It appearing to the Commission that this station was installed for the convenience of the Booth-Kelly Lumber Company while their mill at Coburg was in operation, and it appearing that this mill is now closed and will not be re-opened, and there being nothing at Coburg Boom requiring the maintenance of this office and there being no business from the office,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that leave be granted the Pacific Telephone & Telegraph Company to discontinue its toll station at Coburg Boom, Lane County, Oregon.

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In the Matter of the Application of THE PACIFIC TELEPHONE & TELEGRAPH COMPANY for Authority to Discontinue Rates. } No. U-F-157

(ORDER ENTERED JANUARY 19, 1916—P. S. C. ORDER NO. 71.)

Application for authority to discontinue certain toll rates, effective between Belle Fountain, Benton County, Oregon, and other Oregon points, reached over the long distance telephone lines of the Pacific Telephone & Telegraph Company, which were carried by the applicant January 1, 1911.

It appearing to the Commission that Belle Fountain is located on an old toll line which is to be abandoned, and it further appearing that this vicinity is served by local lines out of Monroe, thus making it unnecessary to rebuild and maintain this toll line,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that leave be granted the Pacific Telephone & Telegraph Company to discontinue its toll station at Belle Fountain, Benton County, Oregon.

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In the Matter of the Application of THE PACIFIC TELEPHONE & TELEGRAPH COMPANY for Authority to Discontinue Rates. } No. U-F-159

(ORDER ENTERED JANUARY 27, 1916—P. S. C. ORDER NO. 72.)

Application for authority to discontinue certain toll rates, effective between Government Moorings, Multnomah County, Oregon, and other

Oregon points, reached over the long distance telephone lines of The Pacific Telephone & Telegraph Company, which were carried by the applicant January 1, 1911.

It appearing to the Commission that the public office at Government Moorings was established for the use of the United States Government and that the United States Government having no further use for said toll station has ordered the telephone removed, and it further appearing that public necessity does not require the continuance of said office,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that leave be granted the Pacific Telephone & Telegraph Company to discontinue its toll station at Government Moorings, Multnomah County, Oregon.

**In the Matter of Facilities and Equipment Furnished  
by Various Railroads in the Transportation of Logs.**

No. F-461

(FINDINGS AND ORDER ENTERED FEBRUARY 25, 1916—P. S. C. ORDER NO. 76.)

The Commissioner of the Bureau of Labor of the State of Oregon, having represented to the Commission that the facilities and equipment furnished by the various railroads within Oregon in the transportation of logs are inadequate and insufficient in that generally the cars provided for such service are not equipped with suitable bunks and unloading devices, at his request the Commission instituted upon its own motion a general investigation into the adequacy of such service.

The railroads which are respondents in this proceeding may be classified under three heads: 1. Those upon which patent bunks or unloading devices are used upon log cars, which permit unloading without requiring the consignee to go upon the side of the car on which the logs are to be discharged. Upon certain of these railroads (principally operated as logging roads) the bunks are furnished by the common carrier. Upon the commercial roads the bunks have been furnished by the shippers. 2. Roads upon which patent bunks are not used except as furnished by the shipper. The only road in this description is the Southern Pacific Company. 3. Railroads which are shown not to be carriers of logs.

There being no further need for prosecution of the investigation as to the railroads embraced in the first and third classes above enumerated an order of dismissal will be entered as to all of the railroads made respondents in this proceeding except the Southern Pacific Company.

The facts involved in the complaint as to Southern Pacific Company are not in serious controversy. It appears with but slight conflict in the testimony that the patent bunks are somewhat more safe in the unloading of cars than wooden stakes and blocks, which have been used and supplied by the shippers for many years past. At the same time it does not appear from the record that the danger from the use of proper stakes and blocks is extreme, or that it could not be kept at a minimum by the exercise of reasonable care upon the part of the shipper's employees in unloading. It appears that the patent log bunks do not in any way aid in the loading or transportation of cars; but apparently somewhat facilitate the unloading of cars by the consignee.

Southern Pacific Company has interposed an objection to the consideration of the complaint upon two grounds: (1) That the matter under consideration is not one which is in furtherance of or affects the transportation service proper, and (2) that the Commission has no jurisdiction because the company, being an interstate carrier, is within the jurisdiction of Congress, and that this proceeding is an attempt to enter a field which has already been entered by Acts within the exclusive jurisdiction of Congress.

The first objection seems to be based upon an assumption that the Commission has been given no jurisdiction except as to matters which further or affect transportation service proper, and that term is evidently taken as synonymous with movement. This contention overlooks Lord's Oregon Laws, Section 6886 (amended by Laws of 1911, Chapter 77, Section 1) that "The provisions of this Act shall apply to the transportation of passengers and property, and to the receipt, delivering, switching, . . . and handling of such property, and to all charges

connected therewith." The same general language is used in the following section, in which railroads are required to furnish reasonably adequate service, equipment and facilities. Section 6906 permits the making of a complaint "That any regulation or practice whatsoever affecting the transportation of persons or property, or any service in connection therewith, are in any respect unreasonable or unjustly discriminatory, or that any service is inadequate." It is clear that the first objection must be overruled.

The Commission recognizes the familiar rule that where Congress by legislation has entered upon the regulation of any particular field of interstate commerce, the state is thereby precluded from enacting valid legislation with reference thereto. It is argued that by the Federal Safety Appliance Act with its amendments Congress has assumed jurisdiction and has undertaken to say what safety devices and protective equipment shall be attached to and be made a part of cars used by railroads engaged in interstate commerce. A careful examination of the Safety Appliance Act as amended, and the various regulations which have been promulgated by the Interstate Commerce Commission from time to time under the authority of the safety appliance legislation of Congress shows that while Congress has entered the field of regulation as to safety appliances upon equipment while used in transportation to protect passengers and employees of the carrier, it has not undertaken to prescribe what equipment and safety appliances shall be supplied for the protection of the consignee in performing the service after the movement of the car has ceased. The Safety Appliance Act relates to the protection of employees and travelers upon interstate railways and to such persons and subjects alone. This objection must therefore be overruled.

The record herein shows that the cars used by Southern Pacific Company for the hauling of logs in Oregon are the usual standard flat cars. No complaint is made that such cars (when properly staked by the shipper) are not in good repair or suitable for transporting the particular commodity offered for shipment, and as previously stated, patent bunks would in nowise facilitate the movement. The Commission finds, however, from the record that the custom for the shippers to load and stake carload shipments has been long continued and is now firmly established, is recognized by existing rate structures, and that the obligation of providing such unusual facilities, in event the safety of the consignee's agents should demand them, rests upon the shipper and is not a part of the obligation of the common carrier. As to this, see *National Wholesale Lumber Dealers' Association v. Atlantic Coast Line R. Co.*, 14 I. C. C. Rep. 154; *Southwestern Missouri Millers' Club v. St. Louis & S. F. R. Co.*, 26 I. C. C. Rep. 245, 251; *Shands v. Seaboard Air Line Railway*, 34 I. C. C. Rep. 214; *Pennsylvania R. Co. v. United States*, 227 Federal 911.

It follows that further proceedings herein should be discontinued.

In the Matter of the Application of WELLS FARGO & COMPANY for Authority to Increase the Rate on Fruit and Vegetables by Express Between Portland and Wendling.

No. F-458

(ORDER ENTERED FEBRUARY 29, 1916—P. S. C. ORDER NO. 77.)

Application by Wells Fargo & Company for authority to increase the rate on fruit and vegetables by express between Portland and Wendling, for the reason that the rail lines between Portland and Wendling are circuitous and involve changes and transfers and extra service to serve the said point of Wendling.

*Appearances:*

Zera Snow, and J. C. Harraman, for Applicant.

A. J. Farrington, for Produce Merchants Traffic Bureau.

From the record it appears that the rate has long been unused so far as shipments to or from Wendling are concerned and that it is out of line with rates on the same commodities to and from main line shipping points, in the vicinity of Wendling, and Portland. The Wendling service includes a branch line haul necessitating a transfer of shipments to and from the main line. The main line rates in the vicinity of Wendling are not complained of. The rates on fruit and vegetables are blanketed for considerable distances on the main line thus placing

a large number of shipping and receiving points on an equality so far as shipments to and from Portland are concerned. The interests of shippers to and from Wendling and vicinity would seem to be fully protected by the establishment of the same rate between Portland and Wendling as at present in effect between Portland and Eugene, a main line shipping point through which Wendling shipments usually pass.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the application be granted to the extent that applicant be permitted to establish on statutory notice and by filing with this Commission a tariff authorizing the same rate on fruit and vegetables between Portland and Wendling as at present in effect between Portland and Eugene, namely seventy cents per hundred pounds.

In the Matter of the Application of the PACIFIC TELEPHONE & TELEGRAPH COMPANY for Authority to discontinue rates. } No. UF-160

(ORDER ENTERED MARCH 13, 1916—P. S. C. ORDER NO. 78.)

Application was made to this Commission on January 3, 1916, by The Pacific Telephone and Telegraph Company for authority to discontinue the following rates to and from Elkhead, Oregon:

Elkhead to Portland, 75 cents for one minute; 35 cents each additional minute. and regular Douglas County rates to all other points, all as set forth in Toll Tariff Schedule No. 101, on file with this Commission.

The Commission has been verbally advised by the County Commissioners of Douglas County that apparently no public interest would be subserved by maintaining the office at Elkhead, as said locality is served by local lines which seem to afford ample facilities for this vicinity; and it appearing to the Commission that no public interest would be jeopardized by the discontinuance of the rates set forth in the application,

IT IS, THEREFORE, ORDERED that applicant be and hereby is authorized to discontinue rates to and from Elkhead as set forth in the Pacific Telephone and Telegraph Company's Toll Tariff Schedule No. 101, on file with this Commission.

OLAF OSWALD, Plaintiff,  
v.  
WILLAMETTE VALLEY SOUTHERN RAILWAY COMPANY,  
Defendant. } No. F-479

(ORDER ENTERED MARCH 28, 1916—P. S. C. ORDER NO. 79.)

Complaint involving the construction of a spur track by the Willamette Valley Southern Railway Company at the station of Glen Oak on their line of railroad. Members of the Commission, accompanied by the plaintiff, and representatives of the defendant, inspected the site of the proposed spur, and are familiar with the general conditions in the vicinity thereof.

**Appearances:**

Olaf Oswald, in person, for Plaintiff.

Grant B. Dimick, its President, for Defendant.

Glen Oak, the site of the proposed spur track, is a flag station located at the intersection of the defendant's railroad with a cross road which connects two main highways, commonly known as the Molalla and Highland roads, and is situated at a distance of less than four miles by county highways from the city of Oregon City.

The defendant has constructed and maintains at Robbins, a station on its line of railroad approximately nine-tenths of a mile northerly from Glen Oak, adequate and reasonable spur track and loading facilities, for the shipments offering.

The principal carload shipments from the section served by these stations consist of wood and other forest products. Much of the wood is hauled, by team, to Oregon City to supply the local market.

From a consideration of the foregoing, and of all the testimony and proofs offered, the Commission finds that the carload traffic now offering, and which could reasonably be expected to be offered at the station of Glen Oak should the facilities prayed for be installed, is insufficient to justify the expenditure by the defendant company of the amount of money necessary to install such facilities.

IT IS, THEREFORE ORDERED, that the complaint be, and the same hereby is dismissed.

In the Matter of a Depot at SHAW.

No. F-478

(ORDER ENTERED APRIL 26, 1916—P. S. C. ORDER NO. 81.)

Petition and complaint signed by forty-eight residents of Shaw and the vicinity, asking that the Commission compel the establishment by the Southern Pacific Company of adequate station facilities in lieu of those now existing, which are alleged to be inadequate.

*Appearances:*

John Amort, for Petitioners.

Ben C. Dey, for Southern Pacific Company.

Shaw, a station upon a branch line of railroad operated by the Southern Pacific Company, (a common carrier engaged in the transportation of persons and property within Oregon) is situated in Marion County, in what is commonly known locally as the "Waldo Hills," a very fertile section of the Willamette Valley.

The surrounding territory is in a high state of cultivation, the principal products being prunes, grain, cattle and other farm products such as dairy and poultry products. These latter commodities are for the most part handled by express. It is estimated there are from 600 to 800 people living in the territory reasonably tributary to this station, and a considerable amount of freight and passenger traffic is offered annually. The traffic may reasonably be expected to increase when proper facilities and service are afforded.

The facilities now afforded by the Southern Pacific Company consist of a small open shelter shed and a side track. No provision in the shape of platforms, etc., for loading or unloading freight is made, and no regular agent with whom the public can transact freight business is maintained. The company does maintain a ticket office in a nearby store.

That such facilities and practices are inadequate, unreasonable and unjust.

That just and reasonable facilities, practice and service for the Southern Pacific Company to afford and supply in the future is to erect, equip and maintain a depot at said station, which said depot building shall contain a waiting room for passengers, containing approximately 200 square feet of floor space, and a room for the reception and delivery of freight in less than carload lots, containing approximately 400 square feet of floor space, which said building shall be provided with the necessary loading platforms and shall conform to the usual standards of depot buildings, and shall be conveniently located and arranged. The said company shall further build and maintain separate toilet buildings for men and women, or a building with separate compartments for men and women, and shall provide at said station an agent with whom the public may transact business relating to the receipt and delivery of freight, and the sale of passenger tickets.

Ninety days is a reasonable time within which to comply with the provisions of this order.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that within ninety days from and after the date of the service of a copy of this order upon it, the Southern Pacific Company shall erect, and thereafter maintain a suitable standard depot building with platforms, and toilet building, or buildings, hereinbefore found to be just and reasonable, and shall provide and maintain at said station an agent with whom the public may transact business as above recited.

The application of this order is limited to the transportation of persons and property wholly within the State of Oregon.

In the Matter of the SOUTHERN PACIFIC COMPANY. Investigation on Commission's Own Motion. (Station Facilities at Bar View.) } No. F.-442

(ORDER ENTERED APRIL 26, 1916—P. S. C. ORDER NO. 83.)

On the fifteenth day of April, 1916, this Commission entered an order in the above-entitled matter extending indefinitely the time within which the Southern Pacific Company should comply with the order entered herein on October 5, 1915, requiring the construction of certain facilities at Bar View. Such order was predicated on the representations of the Southern Pacific Company that due to the action of the ocean at that point conditions were in a chaotic state and that it would be advisable to defer construction of such facilities until conditions had become settled; and was conditioned upon the understanding that upon request of any person or party interested, or upon the Commission's own motion, a suitable location would be designated and a definite date within which to comply with provisions of the original order would be set.

This matter now comes on upon the petition of various citizens of Bar View, and the Commission having again viewed the premises, and being fully advised of the conditions prevailing,

IT IS ORDERED that construction of the facilities set forth in the order of this Commission, dated October 5, 1915, be commenced by the Southern Pacific Company immediately upon the service of a copy of this order upon it, and that the facilities prescribed be fully completed on or before the first day of July, 1916; and that such facilities shall be located upon the east side of the Southern Pacific Company's railroad track, at a point approximately 100 feet north of Cedar Street in the city of Bar View, Tillamook County, Oregon.

In the Matter of the Application of the COQUILLE VALLEY TELEPHONE COMPANY for a Change of Rates Provided for in Tariff Designated as O. R. C. No. 1, and to Waive Ten Days' Statutory Notice. For Coquille. } No. U-F-132

In the Matter of the Application of the COQUILLE VALLEY TELEPHONE COMPANY for a Change of Rates Provided for in Tariff O. R. C. No. 1 and to Waive Ten Days' Statutory Notice. For Myrtle Point. } No. U-F-133

In the Matter of the Application of the COQUILLE VALLEY TELEPHONE COMPANY for a Change of Rates for Farm and Rural Telephone Service. } No. U-F-137

(ORDER ENTERED MAY 4, 1916—P. S. C. ORDER NO. 84)

It appearing to the Commission that the Coquille Valley Telephone Company, the applicant in the above-named cases, has disposed of all its telephone plant, equipment, exchanges and business to the Coos & Curry Telephone Company, and said Coos & Curry Telephone Company having several other applications pending before this Commission for change and amendment of its rates, and it further appearing to the Commission that the matters involved in the above-mentioned cases can be acted upon to better advantage if incorporated in one petition, the Coos & Curry Telephone Company having filed motion to dismiss the former cases heretofore filed by it and its predecessors, Coquille Valley Telephone Company, and having also filed a new petition consolidating all of the matters herein involved,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the above entitled matters be and the same hereby are dismissed without prejudice, and that the testimony taken, and the exhibits, inventories and appraisals introduced at the former hearings herein be considered as and made a part of the record in the new proceeding filed herein, No. U-F-166.

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| In the Matter of the Application of the COOS AND CURRY TELEPHONE COMPANY for a Change of Rates Provided for in Its Tariff Designated as O. R. C. No. 2, and to Waive Ten Days' Statutory Notice. | } | No. U-F-130 |
| In the Matter of the Application of the COOS AND CURRY TELEPHONE COMPANY for a Change of Rate provided for in Its Tariff Designated O. R. C. No. 2.  |   | No. U-F-139 |
| In the Matter of the Application of the COOS AND CURRY TELEPHONE COMPANY for Authority to Increase Rates.  | } | No. U-F-140 |

(ORDER ENTERED MAY 4, 1916—P. S. C. ORDER NO.85.)

It appearing to the Commission that the Coos & Curry Telephone Company, the applicant in the above-named cases, has purchased all of the telephone plant, equipment, exchanges and business of the Coquille Valley Telephone Company, and several other applications being now pending before this Commission for change and amendment of the rates of the said Coquille Valley Telephone Company, and it further appearing to the Commission that the matters involved in the above-mentioned cases can be acted upon to better advantage if incorporated in one petition, the Coos & Curry Telephone Company having filed motion to dismiss the former cases heretofore filed by it and its predecessors, Coquille Valley Telephone Company, and having also filed a new petition consolidating all of the matters herein involved,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the above entitled matters be and the same hereby are dismissed without prejudice, and that the testimony taken, and the exhibits, inventories and appraisals introduced at the former hearings herein be considered as and made a part of the record in the new proceeding filed herein, No. U-F-166.

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| In the Matter of Public Farm Crossing at South End of Miami Bridge at Station 501 Plus 09.1 Approximately of the Original Pacific Railway and Navigation Company's Railroad, in Tillamook County, Oregon. | } | No. F-467 |
| THE COUNTY COURT OF THE STATE OF OREGON FOR TILLAMOOK COUNTY, OREGON, Plaintiff,<br>v.<br>THE SOUTHERN PACIFIC RAILWAY COMPANY, Defendant.  |   |           |

(ORDER ENTERED MAY 4, 1916—P. S. C. ORDER NO. 86.)

The above-entitled matter having been satisfactorily adjusted between the plaintiff and defendant, with the assistance of the Commission, without formal hearing, and plaintiff having requested that the matter be dismissed,

IT IS, THEREFORE, ORDERED, that the above entitled matter be and the same is hereby dismissed without prejudice.

In the Matter of the Investigation and Suspension of  
Advances in Rates by OREGON-WASHINGTON RAIL-  
ROAD & NAVIGATION COMPANY for the Transportation  
of Iron and Steel Articles from Portland, Oregon,  
to Pendleton, Oregon, and Athena, Oregon, etc. } No. F-431

(ORDER ENTERED MAY 4, 1916—P. S. C. ORDER NO. 87.)

Proceeding upon the Commission's own motion, instituted at the request of the Portland Chamber of Commerce, concerning the propriety of increase in rates and charges for the transportation of iron and steel articles from Portland, Oregon, to Pendleton, Oregon, Athena, Oregon, and points intermediate thereto taking the same rate, from 30c to 35c, per hundred pounds.

It appearing that by order dated July 9, 1915, this Commission entered upon a hearing concerning the propriety of the increases and lawfulness of the rates, charges and practices stated in certain schedules contained in Item 490-F of a supplement to a tariff designated as follows: Oregon-Washington Railroad & Navigation Company, Supplement No. 67 to Local Joint and Proportional Freight Tariff No. 2-A, which is Supplement No. 67 to O. R. C. No. 177; and subsequently on December 29, 1915, ordered that the operation of said schedule be further suspended until April 1, 1916, and

It further appearing that a full investigation of the matters and things has been had, the Commission is of the opinion and finds that the above-named carrier has not justified the proposed increased rates,

IT IS, THEREFORE, ORDERED, that the above named respondent Oregon-Washington Railroad & Navigation Company be and it is hereby notified and required to cancel, on or before the twenty-sixth day of May, 1916, the rates, charges, regulations and practices stated in the schedules specified in the above mentioned orders of suspension, so far as the same pertain to the transportation of intrastate freight between stations in Oregon. Reference is hereby made to decision of Interstate Commerce Commission, Investigation and Suspension Docket No. 679, of date March 31, 1916.

In the Matter of Ordinances Numbers 623, 634, 636 and  
641 of the City of Grants Pass, Upon the Application  
of the Rogue River Water Company, of Grants Pass. } No. U-F-18

(SUPPLEMENTAL ORDER ENTERED MAY 6, 1916—P. S. C. ORDER NO. 88)

This Commission on the twenty-sixth day of September, 1914, issued an order in the above-entitled matter, classifying the various consumers of the Rogue River Water Company and prescribing rates to be charged, imposed and collected by the applicant from the water users supplied by it and fixed regulations governing such service.

Among others, the following rates were fixed, the same being a portion of Schedule 2, Class C:

Water delivered through meters, of any size, in one month:

	Per 100 cu. ft.
First 300 cubic feet .....	\$0.40
Next 1,700 cubic feet .....	.17
Next 13,000 cubic feet .....	.10
All over 20,000 cubic feet .....	.08

This schedule of rates, it has developed, is unduly burdensome upon consumers who use the company's service for sprinkling purposes, and has resulted in many instances in the discontinuance of such use.



The matter coming to the attention of the Commission, a suggestion was made to the company that such rates should be readjusted so that during the sprinkling season consumption from 500 to 20,000 cubic feet in any month should not bear a rate in excess of 10 cents per 100 cubic feet. The company has agreed to the issuance of an order by the Commission embodying such a readjustment without further proceedings herein.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the rates set forth in that portion of Schedule 2, Class C, above quoted be and the same are hereby amended to read as follows:

Water delivered through meters, of any size, in one month:

<i>Regular Rate—</i>	<i>Per 100 cu. ft.</i>
First 300 cubic feet .....	\$0.40
Next 1,700 cubic feet .....	.17
Next 13,000 cubic feet .....	.10
All over 20,000 cubic feet .....	.08

*Sprinkling Rate (Commodity Basis)—*

Applicable during the sprinkling season to consumers using water for domestic and irrigation purposes, or for irrigation purposes only.

	<i>Per 100 cu. ft.</i>
First 300 cubic feet .....	\$0.40
Next 1,700 cubic feet .....	.17
Next 13,500 cubic feet .....	.10
All over 20,000 cubic feet .....	.08

IT IS FURTHER ORDERED, that this order shall become effective, and the rates herein named shall apply, from and after June 1, 1916, prior to which time the Rogue River Water Company shall publish, and file in the manner provided by law, a tariff or supplement to their present tariff, setting forth the rates herein filed.

In the Matter of the Application of THE HOME TELEPHONE AND TELEGRAPH COMPANY OF SOUTHERN OREGON for Authority to Adjust Certain Rates and Inaugurate Additional Rules and Regulations in the Exchanges of Medford, Jacksonville, Gold Hill and Rogue River.

No. U-F-156

(ORDER ENTERED MAY 16, 1916—P. S. C. ORDER NO. 89.)

Application of Home Telephone & Telegraph Company of Southern Oregon to increase certain rates, prescribe certain practices and to establish a toll rate between two of its exchanges, now enjoying free service.

*Appearances:*

Gus Newbury, for Applicant.

Charles Prim, D. W. Bagshaw, H. K. Hanna, and E. E. Kelly, in opposition.

The applicant company, an Oregon corporation, is a public utility which owns and operates a telephone system serving the cities of Medford, Jacksonville, Rogue River and Gold Hill, and their environs.

On July 15, 1913, it filed formal applications with this Commission asking for an increase in its rates, and under those applications a thorough investigation as to the affairs of this applicant, including an inventory and appraisal of its property, was made. An order fixing reasonable rates and practices under such proceeding was entered by the Commission June 3, 1914. (See 1914 Annual Report, page 160.)

The former investigation conducted by the Commission occurred at the end of a period of active competition between two operating companies. Cut-throat methods of rate making had prevailed, and after a period of chaotic and unprofitable operation an agreement for the consolidation of the two plants resulted. The conditions which prevailed prior to and at the time of the former hearing were the usual conditions attendant upon such situations.

Based upon a year's operation under the Commission made rates, the utility now seeks a revision of its rate schedule.

The rates sought to be increased, together with the proposed rates, are as follows:

	Present per month	Proposed per month
<b>Medford:</b>		
Business, one party .....	\$3.00	\$3.25
Business, two party .....	2.25	2.50
Residence, one party .....	2.00	2.25
Residence, two party .....	1.75	2.00
Residence, four party .....	1.50	1.65
Suburban residence, eight party .....	1.75	2.00
	<i>Per year</i>	<i>Per year</i>
Farmer party line switching .....	7.20	8.40
<b>Jacksonville:</b>		
	<i>Per month</i>	<i>Per month</i>
Business, one party .....	\$3.00	\$3.25
Business, two party .....	2.25	2.50
Business, four party .....	1.75	2.00
Residence, one party .....	2.00	2.25
Residence, four party .....	1.50	1.65
Suburban residence, eight party .....	1.75	2.00
<b>Gold Hill:</b>		
Business, one party .....	2.50	2.75
Business, four party .....	1.75	2.00
Residence, one party .....	2.00	2.25
Residence, four party .....	1.50	1.65
Suburban residence, eight party .....	1.50	1.65
	<i>Per year</i>	<i>Per year</i>
Farmer party line switching, residence .....	3.00	6.00
Farmer party line switching, business .....	6.00	10.00
<b>Rogue River:</b>		
	<i>Per month</i>	<i>Per month</i>
Business, one party .....	\$2.50	\$2.75
Business, four party .....	1.75	2.00
Residence, one party .....	2.00	2.25
Residence, four party .....	1.50	1.65
Suburban residence, eight party .....	1.50	1.65
	<i>Per year</i>	<i>Per year</i>
Farmer party line switching, residence .....	3.00	6.00
Farmer party line switching, business .....	6.00	10.00

**Toll Rates:** Between Medford and Jacksonville, present, free; proposed, one minute, ten cents; each additional minute, five cents.

Similar increases were requested covering rates for private branch exchanges and extension telephones; a ten per cent penalty is asked for nonpayment of toll bills within a specified time, and a twenty-five cent additional charge for portable type telephones is sought.

The utility also desires to install a local exchange switching rate of five cents within, and ten cents on farmer and suburban lines without the limits of the various cities which it serves, such rates to apply to non-subscribers only; and to impose a fifty-cent reconnection charge when service is disconnected for non-payment of bills.

An offer is made to refund the amount of increase on the several classes of business (including private branch exchange), residence, extension telephones, and suburban residence service in the different cities affected, if monthly bills are paid before the tenth of the month for which service is billed.

The petition, therefore, presents six propositions, viz:

1. The inauguration of a penalty for non-payment of bills within a specified time.
2. An increase of farmer line switching rates.
3. The installation of a toll charge between points heretofore enjoying free service.
4. The imposition of an additional charge for portable type telephones.
5. The charging of a reconnection charge when service is disconnected for nonpayment of bills.
6. The establishment of a non-subscriber local exchange switching rate.

These will be considered in the order named.

The applicant represents it is unable to make prompt collection of its bills, and contends it should be allowed to impose a penalty for non-payment to meet this condition.

As has before been stated by this Commission, as a general rule a telephone utility is peculiarly advantageously situated to control collection of its accounts

by means of denial or temporary disconnection of service to delinquent subscribers. The necessity for protection of a utility in the collection, with the least expense and delay, of its just charges is fully recognized as due both to it and to the honest patron, who otherwise would be called upon to make good the dereliction of the defaulting customer.

However, the service upon which the penalty is sought to be made effective by this utility is, with the exception of long distance service, invariably billed in advance. Failure to make prompt payment of bills can be met by rules and regulations regarding the furnishing of service. The utility already has in its hands an efficient method of enforcing the collection of its bills. Until such time as the utility can show it has exhausted all the remedies it now possesses, this Commission will not sanction the imposition of a cash penalty for failure to make prompt payment of bills. The penalties proposed do not bear appropriate ratio to the rates on which they are applied and are unjustly discriminatory. However, since the Commission must disallow their imposition, no further discussion of this feature is necessary. The increase in rates requested by the utility which would operate as a penalty for non-payment of bills within a specified time is found to be unreasonable and unjust, and the petition insofar as it applies to this feature should be denied.

Certain of the farmer line rates prescribed by the Commission for switching at Medford, Gold Hill and Rogue River, it is contended are unreasonably low for the service rendered. We are inclined to the opinion such contention is well founded. Investigation discloses that a considerable traffic is due to the subscribers who enjoy these rates. While farmer line service is, and should be, a by-product, it nevertheless is a necessary part of telephone operations, and in the opinion of the Commission should bear its proportion of the expense incident thereto, insofar as may be possible by the imposition of rates in and of themselves reasonable, and which are not unjustly discriminatory. The Commission finds that just, reasonable and not unjustly discriminatory rates for farmer line switching are as follows:

	<i>Per year</i>
<i>Medford:</i>	
Farmer party line switching, residence .....	\$8.40
<i>Gold Hill:</i>	
Farmer party line switching, residence .....	6.00
Farmer party line switching, business .....	10.00
<i>Rogue River:</i>	
Farmer party line switching, residence .....	6.00
Farmer party line switching, business .....	10.00

The installation of the toll charge between Medford and Jacksonville now presents itself for consideration. It was upon this point that the greater portion of the testimony at the hearing was introduced. The utility's contention is that its earnings are not sufficient to carry on its business and meet its interest payments, and that the imposition of a reasonable toll charge, as a source of revenue, is justified. In opposition, it is contended that the service was voluntarily instituted by the company, and has existed for a long period of time; that such service has had an influence upon investments and the general growth and upbuilding in the community, and that the exaction of a toll charge is unreasonable.

Medford, one of the larger cities of Jackson County, and Jacksonville, the county seat, are situated approximately six miles apart. The company maintains separate exchanges in the two cities. These exchanges are connected by trunk lines, and it is for service over these trunk lines the toll charge is sought. In addition the company maintains a toll line connecting the two cities for the transmission of long distance calls. The local exchange rates, insofar as a common service exists, are the same. The company has 1,894 subscriber stations in Medford, and 136 subscriber stations in Jacksonville, both of which numbers include farmer line stations. To install a toll charge between Medford and Jacksonville for local service switching would result in the segregation of these exchanges into separate units. With 1,894 substations in the one, and only 136 substations in the other, this manifestly would result in unjust discrimination in rates as against the subscriber at Jacksonville, if the present schedule were continued. Moreover, the Commission in prescribing the present rates for these two cities, gave due consideration to the free service between them, and to now eliminate such free service would logically call for a readjustment of both the Medford and Jacksonville exchange rates. An adjustment of these rates to a just, reasonable and not unjustly discriminatory basis under the conditions which would obtain with the abolition of this free service would result in a diminution in revenue to the utility.

Considerable testimony was produced by residents of Jacksonville to the effect that the free service between these two exchanges had a material bearing upon their use for telephone service, and that should a toll rate be installed they would have no need for the local service sufficient to justify them in continuing their subscription therefor. Discontinuance of such local service by subscribers would result in further diminishing the revenue of the utility. It is improbable that the revenue derived from a reasonable toll charge between these exchanges would offset these losses. Thus it would appear that the installation of a toll charge between Medford and Jacksonville would defeat its own purpose. In view of such a condition, and from a full consideration of all the facts in the premises, the Commission finds the imposition of such a toll charge to be unjust and unreasonable and that the petition insofar as it relates thereto should be denied.

The installation of an additional charge of twenty-five cents per month for portable type telephones in the following classes of service is sought:

*Medford:* Business, one party.

*Jacksonville:* Business, one party, two party; residence, one party.

*Gold Hill:* Residence, four party.

*Rogue River:* Residence, four party.

The rates as established by the Commission in the former proceeding for the above services were predicated upon the consideration that the subscriber at his option should elect the type of equipment, either wall or portable type, to be installed. This point has again been considered in the light of subsequent developments and the present record, and nothing has been found which would lead the Commission to alter the former finding.

The utility further asks for the installation of a reconnection charge of fifty cents in event subscribers fail to make payment of their monthly bills and service is denied them; the installation of a five cent charge for calls within, and a ten cent charge for calls on farmer and suburban lines without the city limits of the various cities served, when such calls are made by non-subscribers. The evidence being insufficient to justify a finding as to the reasonableness of these charges, the petition in this respect, the Commission finds, should be dismissed without prejudice.

Considerable stress is laid by the utility on the fact, disclosed by the record, that it is unable to meet its operating expenses and make its interest payments. The record shows a majority of the bondholders, at the solicitation of the utility, has consented to a temporary reduction of the interest rate from six to three per cent per annum. The fact the utility has been forced to arrange with the bondholders for a reduction in the interest rate does not indicate a deficiency in return upon the investment reasonably required in serving the public. In the former proceeding the Commission found the value of this company's plant reasonably used and useful in the public service to be \$121,791.00. As is customary such amount covered a property reasonably required to meet ordinary development during a period which good engineering practice would dictate should be provided for, and was not confined to the plant actually in use on the day as of which the finding was made. The Commission's present investigation discloses nothing which would indicate it erred in its judgment as to such development.

Due to the consolidation, this company is the owner of a large amount of plant not used or useful in the public service, and it is not surprising that the revenue from the useful portion will not meet the interest on the \$200,000.00 bond issue based upon the entire plant. A reduction of the bond issue to a fair proportion of the value of the property which is called upon to earn the required interest would appear to be the remedy for restoring the interest rate to the basis contended for by the utility.

This utility must bear in mind that the conditions which now obtain are largely the result of its own voluntary action. It entered the field with its eyes open, and carried on a ruthless competitive war. Uncontrolled by regulation, it engaged in practices which could end in but one way, and since it has seen fit to bring about such a condition it should not now be heard to complain if it becomes necessary for it to carry a portion of the burden thus imposed upon itself and the community it serves.

After calling attention in the former order to the fact that no schedule of reasonable rates which this Commission might prescribe would wholly relieve the situation, the Commission intimated that further relief should come by the practice of economy in operation. It is evident that many economies have been brought about; yet it would appear should the utility desire to further alleviate the condition about which it now complains, continued action should be taken

along this line. For instance, prudent management would seem to dictate that the Jacksonville exchange be placed in a private residence and operated in the manner other exchanges of like character are operated in many communities similarly situated. The operating expenses of this exchange could be materially reduced by such an arrangement.

Further reductions in operating expenses could be accomplished by the removal of quantities of duplicate plant property, which are not now used or useful in the service of the public, and which there is no probability will be used or useful in such service during their life, or such period for development in the future as now appears to be reasonable.

With the increase of rates allowed under this order, and with the adoption of modern economic methods of administration, this utility, under the circumstances, should have no further reason to complain.

Based upon the foregoing findings, and upon all the testimony submitted and proofs offered,

IT IS HEREBY ORDERED, CONSIDERED AND DETERMINED, that leave be granted the Home Telephone & Telegraph Company of Southern Oregon to increase its farmer party line switching rates to conform to the farmer party line switching rates hereinbefore found to be just, reasonable and not unjustly discriminatory.

The petition insofar as it relates to the installation of a reconnection charge of fifty cents in event subscribers fail to make payment of their monthly bills and service is denied them, and the installation of a five cent charge for calls within, and a ten cent charge for calls on farmer and suburban lines without the city limits of the various cities served, when such calls are made by non-subscribers is dismissed without prejudice. In all other respects the petition is denied.

This order shall be in force and effect from and after May 31, 1916, prior to which time the Home Telephone & Telegraph Company of Southern Oregon shall publish and file with the Commission in the manner prescribed by law, a tariff, or a supplement to its present tariff, setting forth the rates hereinbefore found to be just, reasonable and not unjustly discriminatory.

CITY OF SALEM, Plaintiff,

v.

SALEM WATER, LIGHT & POWER COMPANY, Defendant.

} No. U-F-45

(SUPPLEMENTAL ORDER ENTERED MAY 15, 1916—P. S. C. ORDER NO. 90.)

On the nineteenth day of August, 1914, an order was entered by this Commission in the above-entitled matter classifying the various consumers of the Salem Water, Light & Power Company, prescribing rates to be charged, imposed and collected by such utility from its customers, and fixing regulations governing such service. (See 1914 Annual Report, page 147.)

Among others, the following rates were fixed, the same being a portion of Schedule 2, Class C:

Water delivered through meters of any size in one month:

	Per 100 cu. ft.
First 200 cubic feet .....	\$0.40
Next 300 cubic feet .....	.25
Next 1,500 cubic feet .....	.15
Next 14,000 cubic feet .....	.12
Next 20,000 cubic feet .....	.075
All over 36,000 cubic feet .....	.05

It has developed that this schedule of rates is unduly burdensome upon consumers who use the company's service for sprinkling purposes, and has resulted in many instances in the discontinuance or curtailment of such use.

A study of the sprinkling problem under meter rates, both in the district served by this utility, and elsewhere, has convinced this Commission that it must be met by special or commodity rates. The very nature of the use is such that rates, reasonable for general domestic and industrial purposes, in most instances becomes prohibitive when applied to sprinkling service. As a general proposition this use results in a benefit to the public generally, and may be considered in the nature of a semi-public use.

Since this feature has a bearing upon the rate, its application may properly be restricted to the period when, by reason of climatic conditions, this use will result in a benefit to the public.

Numerous complaint having come to the Commission regarding the unjustness of the above meter rates for sprinkling purposes, the matter was presented to the company in the above light, and a suggestion was made that during the sprinkling season consumption for such purposes in excess of 500 cubic feet in any month should not bear a rate in excess of seven and one-half cents per 100 cubic feet. The company has agreed to the issuance of an order by the Commission embodying such a readjustment without further proceedings herein.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the rates set forth in that portion of Schedule 2, Class C, above quoted be, and the same are hereby amended to read as follows:

**"Regular Rate:**

"Water delivered through meters of any size in one month:

	Per 100 cu. ft.
First 200 cubic feet .....	\$0.40
Next 300 cubic feet .....	.25
Next 1,500 cubic feet .....	.15
Next 14,000 cubic feet .....	.12
Next 20,000 cubic feet .....	.075
All over 36,000 cubic feet .....	.05

**Sprinkling Rate (Commodity Basis)—**

Applicable during the sprinkling season (from May meter reading to September meter reading) to consumers using water for domestic and irrigation purposes, or for irrigation purposes only:

	Per 100 cu. ft.
First 200 cubic feet .....	\$0.40
Next 300 cubic feet .....	.25
All over 500 cubic feet .....	.075"

The company having waived statutory notice, IT IS FURTHER ORDERED, that this order shall become effective, and the rates herein named shall apply from and after May 20, 1916, prior to which time the Salem Water, Light & Power Company shall publish and file, in the manner prescribed by law, a tariff, or supplement to its present tariff, setting forth the rates herein fixed.

C. M. COX, F. D. THIELSEN, S. E. WOLFE, Plaintiffs,

v.

SALEM WATER, LIGHT & POWER COMPANY, Defendant.

} No. U-F-163

(ORDER ENTERED MAY 31, 1916—P. S. C. ORDER NO. 91.)

Substantially all the rates and practices of the defendant in the above-entitled matter, against which the complaint herein was brought, have been readjusted and modified by a supplemental order of this Commission in the case of City of Salem v. Salem Water, Light & Power Company, P. S. C. Order No. 90, *supra*, entered May 15, 1916.

Upon motion of the plaintiffs it is ORDERED that the complaint herein be, and the same hereby is dismissed without prejudice.

In the Matter of the Electric Lighting, Heating and Power Rates of PORTLAND RAILWAY, LIGHT & POWER COMPANY, a Corporation. (Investigation on Commission's Own Motion.)

} No. U-F-47

(PRELIMINARY FINDINGS OF FACT, ENTERED MAY 31, 1916—P. S. C. ORDER NO. 92.)

Investigation on Commission's own motion for the purpose of enabling it to determine whether or not the various rates, rules and regulations, and each and all of them, charged by the respondent, Portland

Railway, Light & Power Company, for electric lighting, heating and power within certain-named cities, in Oregon, and the vicinity thereof, as shown by the schedules of the respondent, designated as O. R. C. E-1 and E-2, are reasonable or unreasonable, just or unjust, or in any respect whatsoever unjustly discriminatory. In conformity with the Commission's practice in such cases, notice of the investigation and hearing was served on each city and town in the territory involved.

*Appearances:*

Griffith, Leiter & Allen, Percy W. Clark, and Leslie Craven, for the Portland Railway, Light & Power Company, Respondent.

The following additional appearances were entered at various stages of the hearings:

Rollin K. Page and W. H. Trindle, for the City of Salem; Wm. M. Stone and Levy Stipp, for the City of Oregon City; P. S. Fuchs for the City of Mt. Angel.

The city of Portland, although served, did not appear during the hearings. However, after the hearings had closed a written argument was filed by W. P. LaRoche, city attorney, and H. M. Tomlinson, deputy city attorney, for that city.

Consolidated in the above cause, for convenience in hearing, are the following proceedings upon the docket of the Commission:

Case No. F-108.—In the matter of Portland Railway, Light & Power Company. (Investigation on the Commission's own motion.) Investigation brought under Lord's Oregon Laws, Section 6924, (hereinafter quoted), for the purpose of ascertaining and stating the elements of value of the interurban railway lines of the respondent.

Case No. F-241.—In the matter of the Portland Railway, Light & Power Company's rates upon the Mt. Hood division. Investigation upon the Commission's own motion as to the reasonableness and character with respect to discrimination of the respondent's interurban passenger fares upon its Mt. Hood division.

Case No. F-259.—In the matter of the Portland Railway, Light & Power Company. (Investigation on the Commission's own motion.) Investigation as to the reasonableness of the interurban passenger fares of respondent between Portland and the stations of Brookwild, Stanley, Wichita, Luther and Kendall, upon the respondent's Springwater division.

The Commission deemed certain information necessary to enable it to perform the duties incumbent upon it in the investigation of the subject matter, and therefore by order required the utility to make a full return as to the following matters:

*Capitalization:* (As of June 30, 1913.)

The amount of authorized, subscribed or issued capital stock of the company; the sums paid and the amounts yet payable thereon; the manner of payment therefor, whether in cash or in property, and the cash or property received therefor.

The amounts of issued and outstanding funded and unfunded indebtedness of the company, whether bonds, debentures, notes or accounts; the dates and maturity thereof; the rate of interest thereon and security therefor; the cash or property realized therefrom and how paid; and the discounts and commissions paid thereon.

The amounts paid and payable to the State or any municipality on account of any franchise or privilege, other than the right to be a corporation.

Copies of all municipal franchises or privileges held by the company.

*Value of Property:*

Inventory of all property used or useful for the service of the public in any class of railroad or public utility service. Such inventory should show in detail:

The date as of which the inventory is made.

Classes of units of construction, material or property and number of such units in each class, together with such description of each as to localize and identify the same.

The character of public service in which each unit of such property is used.

The original cost of each unit, if known.

The amount of money it would require to replace in kind each unit in normal new and usable condition.

The physical condition and condition as to utility of each unit, and the amount of depreciation or appreciation, if any, compared with normal new and usable condition of each unit.

The present value of each such unit.

The quantity, character, kind, location and value of all other property owned by the company, not used or useful in the service of the public as a public utility or railroad.

There should also be submitted a statement showing how much of the total property represented by the inventory hereinbefore called for is due to the demand of the customers of the utility, and how much due to the production and distribution of the utility product, or common to both customers demand and production and distribution, detailed by classes or public service afforded.

***Earnings and Expenses During Twelve Months Ending June 30, 1913:***

A statement showing in detail the sources and amounts of all revenues of the company, both from operation of its business as a railroad or public utility, and from all other sources. The statement should be in such detail as to show:

The character of the service from which the revenue is derived. In case of revenue from utility service, the locality from which derived; the revenue derived from each class of customers and services in the published tariffs of the company; special contract customers and the revenue derived from each, and the revenue which would have been derived from each had their service been charged at the published tariff rates of the company; the total units of production and consumption resulting in revenue by classes of service and classes of customers as above; the average number of each class of customers during such year and total number in each class on June 30, 1913.

The intent of such statement is to develop the revenue derived from each class of customers and the number of customers and products represented by such revenue by localities as well as by classes of service.

A statement showing in detail the total expenses of the company due to the operation of its public service business (including general expenses) classified as to the character of the service and (in the case of expenses due to public utility operation) localized as to the community served, wherever possible. If such expenses or any thereof cannot be so localized and classified, that fact should be stated and an apportionment be made as between the classes of service and localities served, and the basis for such apportionment should be stated. Sufficient explanation should be given to show the nature and contents of each account. This statement should also show what items of expense are due to customers' demands, and how much is due to production and distribution of products, or common to both. It is desired such statement shall disclose the actual cost of operation (including general expenses) due to each class of public service business, and to each class of customers.

A statement as to the expenses of the company due to operations other than the public service, and expenses independent of operation, in detail as above.

***Fixed Charges During the Twelve Months Ending June 30, 1913, in Detail:***

The amounts of taxes paid, and the class of property upon which assessed, and the locality where paid.

The amount of license and privilege taxes and fees paid.

The amount of interest on the funded and unfunded debt of the company accrued, and the amount paid.

The amount of depreciation or appreciation accrued, and the amount charged or credited, and the disposition made of any fund or moneys representing depreciation or appreciation.

The dividends declared and dividends paid on any of the capital stock of the company, rate and amount thereof.

The amount and character of any other fixed charges, adjustments, amortizations, or funds.

***General Balance Sheet:***

General balance sheets of the company's business as of June 30, 1912, and June 30, 1913.

The utility has made a return to the Commission's demand, stated by witnesses produced and under oath to be as complete and accurate as the records of the company and its predecessors and exhaustive independent investigation will permit. The return made is in evidence herein, together with explanations and additional information collated by the engineering and accounting experts both



of the utility and of the Commission. All annual reports made by respondent to the Commission have been considered in evidence, and also the reports of the respondent to the State Tax Commission.

Voluminous exhibits have been introduced and considered; several thousand pages of testimony have been heard and re-examined. The property has been examined by the Commission personally. After the submission of the matter upon the evidence and proofs and the argument, upon consideration it became apparent that the Commission needed information as to various other minor matters which either did not appear, or were but imperfectly shown in the record. The utility was requested by the Commission to furnish information upon such points from its records, and the information so supplied has been treated as a supplement to the annual report of the respondent for the year ending June 30, 1915, and therefore embraced in the present record. It is appropriate to recognize at this point the free and full cooperation of the respondent with the Commission in this long, intricate and costly investigation, and to state that the respondent has readily accorded to the Commission and its employees all proper information and assistance.

Certain preliminary findings of fact are appropriate at this stage of the proceedings, and they will now be made. The magnitude of the properties, and the interesting character of the questions involved—many of them still unsettled—offer strong temptation for the Commission to enter upon a discussion both of the facts and under lying history. It is believed that it is in the best interest of the investigation that discussion and argument to be abstained from as far as possible, and that those matters which the Commission deems to be established, and which are relevant, be stated as facts, with no further elaboration than the subject absolutely requires. This idea has been kept in mind throughout the formulation of the findings now made.

#### PART I.—PRELIMINARY

The respondent, Portland Railway, Light & Power Company, is a public utility and a railroad within the meaning of the Public Utility and Railroad Commission Acts of the Legislative Assembly of the State of Oregon. Laws of 1911, Chapter 279; Laws of 1907, Chapter 53.

In its electric utility operations the company covers a considerable portion of the lower Willamette Valley, the city of Portland (the metropolis of the State), St. Johns and Linnton (both now included in Portland), the cities of Salem, Oregon City, Milwaukie, Gladstone, Gresham, Boring, Estacada, Troutdale, Fairview, Oswego, Woodburn, Silverton, Mount Angel and Gervais, with their environs, and also the city of Vancouver, Washington. The utility owns and operates a number of steam and hydraulic power electric generation plants. The following statement shows the designation, location, source of energy and installed capacity in kilowatts of the electrical generation plants of the respondent:

Designation station	Location and source of energy	Installed Capacity in kilowatts
<i>Steam Generation Plants—</i>		
<i>Location—</i>		
E	Portland (West Side) .....	12,500
H	Salem .....	1,000
K	Boring (Inactive) .....	400
L	Portland (East Side) .....	6,000
N	Portsmouth, Portland (Inactive) .....	2,500
	<b>Total .....</b>	<b>22,400</b>
<i>Hydraulic Generation Plants—</i>		
<i>Location and source of energy—</i>		
B	Oregon City, Willamette River .....	7,230
G	Cazadero, Clackamas River .....	14,250
J	Silverton, Silver Creek .....	250
M	Estacada, Clackamas River .....	9,900
O	Bull Run, Sandy River .....	11,250
	<b>Total .....</b>	<b>42,880</b>

These generating stations are electrically interconnected and are jointly operated as one system. By transmission, transformation, storage and distribution systems, the various communities above stated are served with electric lighting and power. The last annual report to the Commission shows in the system 39,057 users of electric energy, of whom 37,300 are within the State of Oregon. In most of the communities named, electric street lighting systems are operated, the energy for which is supplied by the respondent. Except at Portland the utility has no competition from other electric utilities in supplying electric power and lighting; in Portland another electric utility competes strongly with the respondent in the principal portions of the city. The respondent supplies a certain amount of electric current to other electric utilities, and furnishes energy for the electric railway operations of its own lines of street and interurban railway, and for the railway and interurban railway operation of the Oregon Electric Railway Company, United Railways Company and Southern Pacific Company.

Respondent owns and operates a system of narrow gauge and standard gauge overhead trolley street railways in the city of Portland which connect, by means of a ferry, with the city of Vancouver, Washington; and also a system of interurban electric standard gauge railways from Portland to Cazadero, from Golf Junction to Canemah, from Linneman Junction to Troutdale, and from Montavilla to Bull Run. The interurban mileage is as follows.

Oregon City Line—Golf Junction to Canemah, 9.652 miles of single track mileage between termini, 1.200 miles of second main track, 3.221 miles of sidings and turnouts and .421 miles of track in carhouses, shops, etc. Total track of all classes, 14.494 miles.

Springwater Line—East Water street and Hawthorne avenue, in Portland, to Cazadero, Clackamas County, 39.106 miles of single track mileage between termini, 4.288 miles of second main track, 19.284 miles of sidings and turnouts and 5.391 miles of track in carhouses, shops, etc. Total track of all classes, 68.069 miles.

Troutdale Line—Linneman Junction (a station on the Springwater line) to Troutdale, 6.678 miles of single track mileage between termini, 1.302 miles of sidings and turnouts. Total track of all classes, 7.980 miles.

Mt. Hood Line—Montavilla to Bull Run, 20.821 miles of single track mileage between termini, 3.456 miles of sidings and turnouts. Total track of all classes, 24.277 miles.

Total Interurban Lines—Single track mileage, 76.257; second main track, 5.488 miles; sidings and turnouts, 27.263 miles; track in carhouses, shops, etc., 5.812 miles. Total track, all classes, 114.820 miles.

The mileage of the city lines is as follows: Single track mileage, 100.429; second main track, 67.286 miles; sidings and turnouts, 3.689 miles; track in carhouses, shops, etc., 12.957 miles. Total track, all classes, 184.361 miles.

In addition, as a part of the street railway system, the respondent operates under contract or agreement, or upon arrangement where the rent is contingent upon earnings or other consideration, lines known as the Alameda, Arlington Heights, Beaumont, Eastmoreland, Kings Heights and Westover Terrace lines. The aggregate amount of lines of this description, 7.154 miles of single track, .861 mile of sidings and turnouts; total, 8.015 miles of all classes of track, because owned by independent and nonaffiliated corporations have been excluded from the calculations of value, and receive no further consideration herein as operating property of the respondent, although the result of their operation reflects itself in the financial statements herein presented.

The trackage upon the Willamette River bridges, aggregating 1.906 miles of road, 1.908 miles of second main track, .014 mile of sidings and turnouts, total 3.828 miles, is operated under contract agreement with the bridge owners. In part this bridge use is common to the urban and interurban railway operations. This trackage is not included in these findings of value.

Recapitulated, the lines operated by the respondent are of the following length, as of June 30, 1915:

	Miles
Single track mileage .....	185.746
Second main track .....	74.682
Sidings and turnouts .....	31.827
Track in carhouses, shops, etc. ....	18.769
Total, all tracks .....	311.024

The single track mileage shown is made up of:

	<i>Miles</i>
Line owned .....	176.686
Line operated under lease .....	1.906
Line operated under contract .....	7.154

Total single track mileage operated ..... 185.746

The respondent owns and operates a gas utility in the city of Salem, which includes the usual coal gas production, storage and distribution equipment.

In connection with the utility operations of the respondent, stores and supplies for the convenience of users of electricity and the promotion of the company's business are maintained in a number of places.

At the time the investigation was commenced, the utility owned the locks in the Willamette River opposite Oregon City, but these were disposed of during the pendency of the proceedings.

The respondent, through itself and subsidiary controlled corporations, owns large bodies of land in various counties in the Columbia and Willamette Valleys, in Washington and Oregon. Some of these lands are held as necessary for the protection of the riparian rights, or stream flows of developed or proposed future development of hydraulic power. Large bodies of land are held in the city of Portland for railway terminal purposes; a very considerable proportion of the waterfront in the city of Portland is owned by the respondent. Other tracts are held for minor operating purposes and many are held for purposes apparently entirely disassociated with any form of public service operations.

It will be noted that the investigation herein (due to consolidation of other causes with the case described in the caption) involves a study into the elements of value of both railroad property and public utility property. In the case of the valuation of railways (as defined in Section 6886 of Lord's Oregon Laws, amended by laws of 1911, page 117) the procedure is pointed out by Lord's Oregon Laws, Section 6924, as follows:

\* \* \* The Commission shall ascertain from time to time as nearly as practicable, the amount of money expended in the construction and equipment of every railroad, the amount of money expended to procure the right of way, also the amount of money it would require to secure the right of way, reconstruct the roadbed, track, depots and other facilities for transportation, and to replace all the physical properties belonging to the railroad. It shall ascertain the outstanding bonds, debentures and indebtedness and the amounts respectively thereof, the date when issued, to whom issued, to whom sold, the price paid in cash, property or labor therefor, what disposition was made of the proceeds, by whom the indebtedness is held, so far as ascertainable, the amount purporting to be due thereon, the floating indebtedness of the railroad, the credits due the railroad, other property on hand belonging to it, the judicial or other sales of said road, its property or franchises, and the amounts purporting to have been paid and in what manner paid therefor. The Commission shall also ascertain the gross and net income of the railroad from all sources in detail. \* \* \* Whenever the information required by this section is obtained, it shall be printed in the annual report of the Commission. In making such investigation the Commission may avail itself of any information in possession of any State board or officer."

It will be noted that this section does not directly empower the Commission to make a final or ultimate finding of value; but rather, as it were, contemplates that testimony shall be perpetuated for all relevant purposes, and as to each of the elements of value. It is apparent that the Legislature, in drafting the section quoted, had in mind the criteria of value specified in *Smythe v. Ames* 169 U. S. 466. In proceedings under this section the Commission has uniformly omitted to attempt to state any precise sum as being the "value" of the railroad property under examination, but has limited its findings to a statement of the facts found with respect to the particular elements of value without combining them into a single composite figure. See *Tualatin Valley Transportation v. Oregon Electric Ry. Co.*, Ninth Annual Report, Public Service Commission of Oregon (1915), p. 129, as typical of the Commission's practice in this regard.

As to the public utility properties, Sections 9 and 10 of Chapter 279 of the laws of Oregon for 1911, are controlling:

"Sec. 9. The Commission shall value all the property of every public utility actually used and useful for the convenience of the public. In making such

valuation the Commission may avail itself of any information in possession of the Board of Tax Commissioners or any other State officer or board.

"Sec. 10. Before final determination of such value the Commission shall, after notice to the public utility, hold a public hearing as to such valuation in the manner prescribed for hearing complaints as herein prescribed, and the provisions of this Act relative to hearings on complaints on the Commission's own motion, so far as applicable, shall apply to such hearing. The Commission shall within five days after such valuation is determined serve a statement thereof upon the public utility interested, and shall file a like statement with the auditor, recorder or clerk of every municipality in which any part of the plant or equipment of such public utility is located. The Commission may at any time on its own initiative make a revaluation of such property, and may make a revaluation upon the application of any public utility filed not less than six months after the service of such statement."

The Commission is of the opinion that at the present time it is not desirable to attempt to make a finding of an ultimate or composite figure as the "value" of all the properties of the respondent utility. These preliminary findings will be confined to a discussion of the standards and elements of value pointed out by the Railroad Commission Act and *Smythe v. Ames* as being necessary; and the relative weight which will hereafter be given to the various facts so found when passing upon rates, or for any other purpose will be determined when such questions are finally presented for determination.

Evidently the problem for the Commission is to ascertain and state with respect to the property of the respondent (1) "The original cost of construction;" (2) "The amount expended in permanent improvements;" (3) "The amount and market value of its bonds and stocks;" (4) "The present as compared with the original cost of construction." Incidentally will be discussed (5) "The probable earning capacity of the property under the particular rates prescribed," or at least under the rates previously and at the present time charged by the respondent; and (6) "The sum required to meet operating expenses."

In terms which have received the well known meaning in valuation inquiries, the present inquiry will include consideration of (1) the history of the properties and of their operation; (2) the cost of the properties; (3) the amount it would have required to reproduce the properties as of June 30, 1915, new and also less accrued depreciation; (4) the commercial value of the respondent's properties, and (5) the net earning power of respondent's system.

## PART II—HISTORY OF RESPONDENT'S UTILITY SYSTEM

Respondent was incorporated under the laws of Oregon June 29, 1906. It was originally a holding company, but subsequently broadened its scope and is now both an owning and operating corporation. Its present operations are of a consolidated system, built up from three groups of utility properties, viz: Portland Railway Company, Oregon Water, Power & Railway Company, and Portland General Electric Company. Later other utility and nonutility corporations were added, the most important of which was the Mt. Hood Railway & Power Co. The details of the consolidation and acquisition of properties appear later in this report.

## CHAIN OF TITLE OF PROPERTIES

Subjoined is a table which shows the constituent and allied companies of the Portland Railway, Light & Power Company as of June 30, 1915. The table is arranged to show the chain of each branch as far as available records will permit:

Index No.	Name of utility	Transferred from utility Index No.	Date of transfer to utility	Remarks
<i>Portland Railway Branch:</i>				
1	Portland Cable Ry. Co. ....	1	June 24, 1887	Date of Incorporation.
2	F. I. Fuller, Receiver	2	June 25, 1882	Receiver appointed.
3	J. P. Marshall	3	Aug. 30, 1882	At judicial sale.
4	City Cable Company	4	Sept. 23, 1882	Receiver appointed.
5	F. I. Fuller, Receiver	5	Nov. 26, 1882	At judicial sale.
6	Portland Traction Company of California	6	Sept. 30, 1884	Franchisees only.
7	Budd and Associates	7	.....	
8	Multnomah Street Railway Company	8	Aug. 19, 1887	Date of Incorporation.
9	Portland Traction Company of Ore.	9	Aug. 23, 1889	Date of Incorporation.
10	Metropolitan Railway Company	10	July 1, 1882	Date of Incorporation.
11	Multnomah Railway Company	11	June 12, 1888	Date of Incorporation.
12	Oregon Land & Investment Co.	12	April 27, 1888	Date of Incorporation.
13	Portland & Vancouver Ry. Co.	13	April 14, 1892	Consolidation of chains commencing with 8, 10, 12, 14.
14	George B. Markle	14	June 30, 1892	Receiver appointed.
15	Portland Consolidated Street Ry. Co.	15	Dec. 24, 1894	At judicial sale.
16	O. F. Paxton, Receiver	16	Dec. 31, 1895	As of June 1, 1896 (except index 9 and 10).
17	George A. Batchelder	17	Feb. 31, 1896	Consolidates chain 1 to 6 with 7-8, and 11 to 16.
18	Portland Ry. Co. (old)	18	Feb. 28, 1900	
19	Portland Ry. Co. (new)	19	Sept. 25, 1891	Date of Incorporation.
20	Thomson-Houston Electric Co.	20	April 25, 1897	Date of Incorporation.
21	Waverly-Woodstock El. Ry. Co.	21	April 25, 1897	Chain of 9 and 10.
22	Willamette Bridge Ry. Co.	22	Nov. 23, 1892	Consolidates 19 to 22.
23	Transcontinental Street Ry. Co.	23	April 6, 1895	Chain of 9, 10, 17, 23.
24	Metropolitan R. R. Co.	24	Sept. 2, 1891	
25	City & Suburban Ry. Co.	25	Oct. ....	
26	Portland & Fairview R. R. Co.	26	.....	
27	Portland Consolidated Ry. Co.	27	June 1, 1904	{ Consolidates all previous chains.
28	Portland Consolidated Ry. Co.	28	June 1, 1904	Date of Incorporation.
29	Portland Vancouver & St. Johns Ry. Co.	29	Oct. 27, 1903	{ Consolidation includes all previous chains.
30	Portland Railway Co. (Later corporation of that name)	30	Nov. 1, 1905	
31	Portland Railway Co. (Later corporation of that name)	31	Oct. 26, 1905	
<i>Oregon Water Power &amp; Railway Co. Branch:</i>				
32	Mt. Tabor Street R. R. Co.	32	.....	
33	East Side Power Co.	33	.....	
34	East Side Railway Co.	34	May ....	
35	East Side Railway Co.	35	May 31, 1893	{ Consolidates 29 and 30.

32	Joseph Simon, Receiver	31	Dec. .... 1893	
33	C. H. Precon, Receiver	32	Dec. .... 1898	
34	Fred S. Morris	33	Dec. .... 8, 1900	At judicial sale.
35	Portland, Chicago & Scott Ry. Co.			
36	Oregon City & Southern Ry. Co.			
37	G. C. Fields			
38	Portland City & Oregon Ry. Co.	33	Feb. 1, 1901	Date of incorporation.
	Portland City & Oregon Ry. Co.	35	Feb. 6, 1901	
	Portland City & Oregon Ry. Co.	36	June 13, 1902	Consolidates entire chain.
	Portland City & Oregon Ry. Co.	37		
39	Oregon Water Power & Ry. Co.	38	June 28, 1902	
	<i>Portland General Electric Company Branch:</i>			
40	C. V. Luthill (Salem Gas Plant)			
41	Salem Light, Power & Traction Co.			
42	Citizens Light & Traction Co. (Col.)	40-41	June 25, 1903	
43	Citizens Light & Traction Co. (Ore.)	42	June 18, 1904	
44	J. L. Harvey			
45	Vancouver El. Light & Power Co.	44	..... 1902	
46	City of Portland			
47	Oregon Steam Navigation Co.			
48	Oregon Steamship Co.			
49	B. Goldsmith			
50	Willamette Transportation & Locks Co.	47	Mar. .... 1876	
	Willamette Transportation & Locks Co.	48	May 23, 1876	Consolidates 47, 48 and 49.
	Willamette Transportation & Locks Co.	49		Date of incorporation.
51	U. S. Electric Lighting & Power Co.			
52	Oregon City Electric Co.			
53	Willamette Falls Electric Co.	50	Aug. 11, 1890	
	Willamette Falls Electric Co.	51	Nov. 8, 1888	
	Willamette Falls Electric Co.	52	June 20, 1891	
54	Union Power Co.			
55	East Portland Light & Power Co.			
56	Albina Light & Water Co.			
57	Willamette Falls Development Co.			
58	Willamette Falls Co.			
59	Union Light & Power Co.	57	Sept. 14, 1893	
60	Portland General Electric Co.			
	Portland General Electric Co.	43	July 18, 1906	
	Portland General Electric Co.	45	Nov. 1, 1906	
	Portland General Electric Co.	46	Mar. 30, 1893	
	Portland General Electric Co.	53	Aug. 24, 1892	
	Portland General Electric Co.	54	Oct. 18, 1905	
	Portland General Electric Co.	56	Nov. .... 1892	
	Portland General Electric Co.	58	Sept. 26, 1893	
	Portland General Electric Co.	59		

Includes all previous chains.

Stock transferred, company still exists.

## GENESIS OF THE SYSTEM

The following appears of record with respect to the constituent companies, and is found with respect to them:

## PORTLAND RAILWAY COMPANY BRANCH

1. Portland Cable Railway Company.—Incorporated June 24, 1887, with a capital stock of \$150,000.00, divided into 1,500 shares of the par value of \$100.00 each. March 11, 1889, the capital stock was increased to \$300,000.00, but the books of account show that \$353,588.80 was paid up on the capital stock on June 1, 1892. The company constructed a cable railway, which was operated with indifferent success until June 25, 1892, when, on account of foreclosure proceedings brought by local creditors, the property was put into the hands of F. I. Fuller, Receiver.

2. F. I. Fuller, Receiver.—The receiver operated this property until August 30, 1892, when it was sold at sheriff's sale, and was bid in by J. P. Marshall.

3. J. P. Marshall.—Mr. Marshall held this property but a few days, when it was taken over by the City Cable Company.

4. City Cable Company.—This company was probably incorporated to take over the property acquired by Mr. Marshall at the sheriff's sale. Its capital stock amounted to \$25,000.00. The title to this property passed from Mr. Marshall to the City Cable Company by deed, the entry covering which appears in the City Cable Company's books as of September 23, 1892. However, it is apparent that the property passed into the control of the City Cable Company on September 1, 1892. The books of this company show that the purchase, including the amount paid to Marshall, labor and other liens, and receiver's charges, amounted to \$25,355.58. The property remained in the hands of the City Cable Company until about November 26, 1892, when, under a suit brought by the bondholders of the Portland Cable Railway Company, it was again placed in the hands of F. I. Fuller as receiver.

5. F. I. Fuller, Receiver.—This property was operated under the receivership until about September 30, 1894, when the property was sold at receiver's sale for the amount of certificates issued by the receiver in order to keep the road in operation. The amount appears to have been in the neighborhood of \$20,000.00, and title was acquired by the Portland Traction Company (of California).

6. Portland Traction Company (of California).—No record of the incorporation, capitalization, etc., is available, but it is stated that the company was made up of a large majority of the bondholders of the original Portland Cable Railway Company. Being acquired at a receiver's sale, the property passed into the hands of the Portland Traction Company (of California) unencumbered. This company operated the property until February 28, 1900, when it was "gifted" to the Portland Railway Company (old), the stockholders of which in turn "gifted" \$500,000.00 of their common stock to the stockholders of the Portland Traction Company (of California). This stock was placed in the treasury of the Portland Traction Company (of California), and the stockholders of this latter company, by stock assessments, provided the money with which the remaining shares of the capital stock of the Portland Railway Company (old) were acquired in the open market for cash. These purchases, made at prices ranging from \$6.00 per share to, in one instance, par, were finally consummated about 1904.

7. Budd and Associates.—No record appears in regard to these persons other than that they were the original holders of franchises which were transferred to Multnomah Street Railway Company.

8. Multnomah Street Railway Company.—Incorporated June 14, 1882, but no books of account or other records of this company are available. By indenture dated June 30, 1892, it sold its properties to the Portland Consolidated Street Railway Company for \$500,000.00, subject to a mortgage, dated June 1, 1890, for \$148,000.00. This mortgage was released June 2, 1910.

9. Portland Traction Company (of Oregon).—While no books or records of this company are available, it appears that the company was incorporated August 19, 1887, and that it was possessed of property which it sold on August 23, 1889, to the Metropolitan Railway Company.

10. Metropolitan Railway Company.—Incorporated June 26, 1889; no books or records are available. By deed, dated June 30, 1892, it transferred to the Portland Consolidated Street Railway its property for a consideration of \$350,000.00, which included a mortgage, dated April 1, 1891, for \$145,000.00. The mortgage was released on October 1, 1900.

11. Multnomah Railway Company.—While no books or records of this company are available, it was incorporated July 1, 1882, and on June 12, 1888, sold its property to the Oregon Land & Investment Company for a consideration of \$25,000.00.

12. Oregon Land & Investment Company.

13. Portland & Vancouver Railway Company.—The first named company was incorporated February 28, 1888. There seems to have been a close relationship between it and the Portland & Vancouver Railway Company, as all its properties were subject to a mortgage or trust deed, made by these companies February 12, 1889, to the Farmers' Loan & Trust Company; and its accounts are thought to have been kept by the Portland & Vancouver Railway Company. The books of the latter company reveal nothing of historical value. The mortgage on this company's property was released June 7, 1906. April 14, 1892, its ferry licensees, steam ferry boat (Albina No. 2), equipment, etc., were sold to George B. Markle.

14. George B. Markle.—Mr. Markle operated the Multnomah Railway Company, Oregon Land & Investment Company and Portland & Vancouver Railway Company properties until June 30, 1892, when they were transferred to the Portland Consolidated Street Railway Company.

15. Portland Consolidated Street Railway Company.—Incorporated May 26, 1892. Books of account covering transactions from June 30, 1892, to December 31, 1893, are not available. The Multnomah Street Railway, Metropolitan Railway Company, and Multnomah Railway Company properties were operated by this company with indifferent success until about December 24, 1894, when the property went into the hands of O. F. Paxton, Receiver.

16. O. F. Paxton, Receiver.—The property was operated under the receivership until December 31, 1895, when it was sold to George A. Batchelder, who acted in the interest of the bondholders.

17. George A. Batchelder.—February 1, 1896, Batchelder and wife transferred the property to the Portland Railway Company (old), the transfer being as of June 1, 1896. The Portland Traction Company of Oregon (Metropolitan Railway Company) properties were not included, but were later transferred to Metropolitan Railroad Company, index number 23.

18. Portland Railway Company (old).—Incorporated January 13, 1896, for the purpose of taking over the Portland, Vancouver and Multnomah divisions of the Portland Consolidated Street Railway Company system. The books of account show operation from June 1, 1896, to May 31, 1904, when these properties (with others) were transferred, as of June 1, 1904, to the Portland Consolidated Railway Company.

19. Thomson-Houston Electric Company.—No information regarding this company is available, except that it transferred its property on September 15, 1891, to the Waverly-Woodstock Electric Railway Company.

20. Waverly-Woodstock Electric Railway Company.—Although no books of this company were found, it appears to have been incorporated March 16, 1891. About March 21, 1891, it leased its properties to the Willamette Bridge Railway Company, the latter company guaranteeing the interest on this company's bond issue, amounting to \$110,000.00. In September, 1891, the properties were taken over by the City & Suburban Railway Company.

21. Willamette Bridge Railway Company.—Incorporated about April 29, 1887, with a capital stock of \$150,000.00, divided into 1,500 shares of \$100.00 each, this company on June 3, 1890, increased its stock to \$200,000.00. On February 15, 1888, by resolution the Pacific Bridge Company was authorized to construct lines, etc., for it at cost, plus ten per cent. On April 6, 1889, the directors authorized the issuance of \$75,000.00 in bonds, to be dated March 1, 1899, but on September 28, 1889, resolution was passed increasing this to \$100,000.00, bonds to be dated September 2, 1889. March 21, 1891, it leased the properties of the Waverly-Woodstock Electric Railway Company, guaranteeing the interest on the Waverly-Woodstock Company's bond issue of \$110,000.00. September, 1891, the properties were taken over by the City & Suburban Railway Company.

22. Transcontinental Street Railway Company.—Although no records are available, this company appears to have been incorporated November 23, 1882, and on September 2, 1891, transferred its property to the City & Suburban Railway Company.

23. Metropolitan Railroad Company.—Incorporated April 6, 1896, for the purpose of taking over the Portland Traction Company of Oregon, Metropolitan Railway Company, properties which were leased to the Portland Railway Company (old), and by that company operated from June 1, 1896, to November 22,



1897. November 22, 1897, these properties, (at least in part) were taken over by the City & Suburban Railway Company under a five year lease, and in October, 1900, the City & Suburban Railway Company purchased this property for \$130,000.00, payment being made by an issue of \$125,000.00 of bonds and \$5,000.00 in cash.

24. City & Suburban Railway Company.—Incorporated June 20, 1891, with a capital stock of \$1,000,000.00, this company consolidated the Thomson-Houston Electric Co., Willamette Bridge Ry. Co., Transcontinental Street Railway Co. and Portland Traction Co. of Oregon—Metropolitan Railroad Company properties. It operated them until October 25, 1904, when they were sold to the Portland Consolidated Railway Company as of June 1, 1904.

25. Portland and Fairview Railroad Company.—This company was formed about 1891. No books or records are available. On February 13, 1899, its property was transferred to the City & Suburban Railway Company, to be operated as a part of the latter company's system, but about the end of 1904, the property was formally conveyed to the Portland Consolidated Railway Company.

26. Portland Consolidated Railway Company.—Incorporated October 18, 1904, with a capital stock of \$4,000,000.00. All properties previously mentioned were consolidated into this company October 31, 1904. The corporation continued to operate them until November 1, 1905, and then transferred them to the Portland Railway Company—the later corporation of that name. The books of this company show the operations from June 1, 1904.

27. Portland, Vancouver & St. Johns Railroad Company.—Incorporated October 27, 1903, under the name of Portland & St. Johns Railroad Company, which by supplementary articles was changed to Portland, Vancouver & St. Johns Railroad Company, March 8, 1905, this company was organized for the purpose of acquiring certain rights of way, lands, etc., for the Portland Railway Company (old). However, before the land sought had been acquired, the Portland Railway Company (old) had been merged into the Portland Consolidated Railway Company, and the Portland Consolidated Railway Company, in turn, had passed into the hands of the Portland Railway Company, the later corporation of that name. By deed dated October 26, 1905, the property of this company was sold to the Portland Railway Company.

28. Portland Railway Company (the later company of that name).—Incorporated on October 13, 1905, with a capital stock of \$7,000,000.00 divided into \$3,000,000.00 of five per cent preferred stock and \$4,000,000.00 of common stock, this company purchased the properties of the Portland Consolidated Railway Company on November 1, 1906. December 31, 1907, the property passed to the Portland Railway, Light & Power Company, by the transfer of capital stock, and was formally conveyed by deed to the latter company on April 30, 1908. The capital stock was later reduced to twenty shares of \$100.00 each, and the company is still in existence.

#### OREGON WATER POWER & RAILWAY COMPANY BRANCH

29. Mount Tabor Street Railroad Company.—No books or records of this company are available, but the books of the East Side Railway Company show the transfer of its properties to that company in May, 1893.

30. East Side Power Company.—The only information available as to this company indicates that on May 31, 1893, it transferred to the East Side Railway Company a franchise for \$5,000.00 (paid in bonds), and a power plant for \$39,000.00, of which \$23,000.00 was paid in bonds, and the balance in cash.

31. East Side Railway Company.—Incorporated on May 12, 1892, this company operated the properties here under particular discussion until December, 1893, when it went into the hands of Joseph Simon, Receiver, and was transferred from him to C. H. Prescott, Receiver, in June, 1898.

32, 33. Joseph Simon and C. H. Prescott, Receivers.—The records of the United States District Court indicate that this property while in the hands of the receiver was operated, and the receivers were able to realize over and above the operating expenses, some \$100,000.00. December 8, 1900, the property was sold at a judicial sale to Fred S. Morris.

34. Fred S. Morris.—Mr. Morris operated these properties until February 6, 1901, when they were sold to the Portland City & Oregon Railway Company.

35. Portland, Chicago & Mt. Scott Railway Company.—The available information indicates this company was under contract to sell to the Mt. Tabor Street Railroad Company, the contract bearing date December 2, 1891, but evidently the

agreement was not fulfilled, as about 1901 its property was acquired by the Portland City & Oregon Railway Company.

36. Oregon City & Southern Railway Company. The record discloses that this company during its existence sold its franchises and property to the Portland City & Oregon Railway Company, such transfer having occurred later than February 6, 1901.

37. G. C. Fielda.—Mr. Fields acquired certain franchises in and about Oregon City and Canemah which were conveyed to the Portland City & Oregon Ry. Co., who in turn, sold to the Oregon Water Power & Railway Company.

38. Portland City & Oregon Railway Company.—This company was incorporated February 1, 1901, with a capital stock of \$500,000.00, consisting of 500 shares of the par value of \$1,000.00 each. October 26, 1901, \$100,000.00 of preferred stock was issued and exchanged for an equal amount of common stock. Later the company transferred the properties here being discussed to the Oregon Water Power & Railway Company.

39. Oregon Water Power & Railway Company.—Originally incorporated as the Oregon General Electric Co. on December 7, 1901, with a capital stock of \$2,000,000.00, divided into 20,000 shares of the par value of \$100.00 each, the name of the corporation was changed, by supplementary articles dated June 6, 1902, to the Oregon Water Power & Railway Company. The properties here under discussion were operated by this company until they were sold, as of January 1, 1907, to the Portland Railway, Light & Power Company.

#### PORTLAND GENERAL ELECTRIC COMPANY BRANCH

40. C. V. Luthill (Salem Gas Plant).—No information relative to this property is available, other than in June, 1903, it was transferred to the Citizens' Light & Traction Company.

41. Salem Light, Power & Traction Company.—From the information available, it is evident this company was a corporation operating street railways and an electric plant in Salem, which, on June 25, 1903, was transferred to the Citizens' Light & Traction Company (Colorado).

42. Citizens' Light & Traction Company (Colorado).—Incorporated June 25, 1903, with a capital stock of \$200,000.00, this company bought the properties of C. V. Luthill and Salem Light, Power & Traction Company (Oregon).

43. Citizens' Light & Traction Company (Oregon).—Incorporated June 11, 1904, with a capital stock of \$300,000.00 this company operated the properties here particularly discussed until August 31, 1906, when they were transferred to the Portland General Electric Company. The company was dissolved September 28, 1906.

44. J. L. Harvey.—Mr. Harvey appears to have sold to the Vancouver Electric Light & Power Company a plant in 1902, for a consideration of \$20,000.00, and the assumption by the Vancouver Electric Light & Power Company of a \$15,000.00 mortgage given by him.

45. Vancouver Electric Light & Power Company.—Incorporated August 5, 1902, for the purpose of taking over Mr. Harvey's plant, this company had a capital stock of \$50,000.00. No books of account are available, but under the contract dated January 3, 1906, this company agreed to sell to the Portland General Electric Company all its property and assets, subject to all debts, mortgages and claims, the transfer having taken place on or about November 1, 1906.

46. City of Portland.—March 30, 1893, the city of Portland sold to the Portland General Electric Company an electric plant for a consideration of \$27,000.00, and certain material for \$1,639.55. The plant and material conveyed was a lighting plant originally owned by the city of East Portland, and conveyed to the city of Portland upon the consolidation of the two municipalities.

47. Oregon Steam Navigation Company.—This company in March, 1876, sold to the Willamette Transportation & Locks Company, certain personal property, consisting of a steamboat hull, machinery, etc., which latter company apparently, in 1879, transferred this property (possibly with other) back to the navigation company.

48. Oregon Steamship Company.—On May 23, 1876, this company sold property at Oregon City to the Willamette Transportation & Locks Company, the consideration being \$65,000.00. Nothing further regarding this company is available.

49. B. Goldsmith. Mr. Goldsmith appears to have sold some wharf property at Salem to the Willamette Transportation & Locks Company. This property, how-

ever, is not now owned by the company, and doubtless was sold to the Oregon Steam Navigation Company at the time of the transfer of the personal property in 1879. (See Oregon Steam Navigation Company index number 47.)

50. Willamette Transportation & Locks Company.—Incorporated about December, 1875, with a capital stock of \$1,000,000.00, this company had property transactions with the Oregon Steam Navigation Company, and in 1879, its creditors accepted an offer of eighty-six and four-tenths per cent on their claims. April 4, 1887, a bond issue was authorized to acquire contiguous property and to retire existing bonds. In June, 1887, it appears the Oregon Railway & Navigation Company owned ninety-six and twenty-four hundredths per cent of the authorized and issued stock of this company. By resolution, August 11, 1890, sale was authorized to the Willamette Falls Electric Company, subject to debts and liabilities, for 5,000 shares of stock of the Willamette Falls Electric Company; such stock to be distributed among the stockholders, one share of Willamette Falls Electric Company stock for two shares of the Willamette Transportation & Locks Company. August 6, 1892, the company resolved to convey all its property to the Portland General Electric Company. June 27, 1908, the company's capital stock was reduced to 10,000 shares of the par value of \$1.00 each.

51. United States Electric Lighting & Power Company.—Incorporated March 14, 1884, its capital stock, on June 20, 1888, appears to have been \$175,000.00. On November 9, 1888, it transferred its property and assets to the Willamette Falls Electric Company for 2,000 shares of stock, the Willamette Falls Electric Company to assume the current liabilities of, and pay \$4,000.00 in cash to the United States Electric Lighting & Power Company.

52. Oregon City Electric Company.—On June 20, 1891, this company sold its property to the Willamette Falls Electric Company for a consideration of \$6,540.00 taking in payment thereof paid up capital stock of the latter company.

53. Willamette Falls Electric Company.—This company held the Oregon City Electric Company and United States Electric Lighting & Power Company properties until August 6, 1892, when they were sold to the Portland General Electric Company.

It was incorporated November 8, 1888, with a capital stock of \$1,000,000.00, and acquired a controlling interest in the Willamette Transportation & Locks Company, as hereinbefore set forth. (See Willamette Transportation & Locks Company, index number 50.) August 6, 1912, this company sold the property of Willamette Transportation & Locks Company to the Portland General Electric Company. This property was probably transferred by both companies to the Portland General Electric Company for the purpose of removing any cloud on the title.

54. Union Power Company.—No books or records of this company were available, but it appears a part of its capital stock was owned at one time by the City & Suburban Railway Company (index number 24) who sold it in 1896 to the Portland General Electric Company. The Portland General Electric Company thereupon acquired practically all of the stock, and on October 18, 1905, the company was dissolved, the Portland General Electric Company taking over the property.

55. East Portland Light & Power Company.—The slight information regarding this company indicates that it was a predecessor of the Albina Light & Water Company.

56. Albina Light & Water Company.—Little is known of this company, except that it sold its electric plant in November, 1892, to the Portland General Electric Company, the consideration being \$114,039.00.

57. Willamette Falls Development Company.—No records of this company are available, but it appears on September 14, 1893, the fixed assets were transferred to the Willamette Falls Company in consideration of the issuance to the Portland General Electric Company of \$99,500.00 of Willamette Falls Company stock. This transfer was apparently made in consideration of advances made by the Portland General Electric Company to the Willamette Falls Development Company.

58. Willamette Falls Company.—Incorporated in 1893, with a capital stock of \$100,000.00, this company issued \$99,500.00 of its stock to the Portland General Electric Company as above, taking over the assets of the Willamette Falls Development Company. The remainder of the stock was issued to the Portland General Electric Company on September 26, 1893, and on January 17, 1907, that company took over a line of electric railway, owned by this company, near Oregon City. The company is still in existence, and owns some property.

59. **Union Light & Power Company.**—This company constructed and operated a power plant at Silverton which served Mount Angel and Woodburn. Its operation met with only indifferent success, and the system was finally sold to the Portland General Electric Company for \$50,000.00.

60. **Portland General Electric Company.**—Incorporated August 5, 1892, with a capital stock of \$4,250,000.00, divided into 12,500 shares of the par value of \$100.00 each of preferred stock, and 30,000 shares of the par value of \$100.00 each of common stock, this company took over the properties of the various companies in this branch in the manner and on the dates hereinbefore set forth. December 31, 1907, the company sold all its property, franchises, etc., (subject to all mortgages and debts) to the Portland Railway, Light & Power Company. February 25, 1910, the capital stock of the company was reduced to twenty shares of the par value of \$100.00 each.

#### MT. HOOD RAILWAY & POWER COMPANY BRANCH

**Mt. Hood Railway & Power Company.**—This company was incorporated September 15, 1906, with an authorized capital stock of \$5,000,000.00, of which \$3,100,000.00 was outstanding; and was the successor of the Mount Hood Electric Railway Company. The property was taken over by the Portland Railway, Light & Power Company (the consideration being \$4,780,513.60), who are the owners of the \$5,000,000.00 bond issue of the company.

#### OTHER CORPORATIONS FOUND IN THE CHAIN OF TITLE

**Portland Hydraulic Elevator Company.**—Incorporated on April 17, 1882, with a capital stock of \$20,000.00, which was increased in 1883 to \$250,000.00, this company owned and operated a hydraulic elevator business. June 25, 1908, its assets, subject to all liabilities, were transferred to the Portland Railway, Light & Power Company; the plant was dismantled and operation discontinued.

**Union Trust & Traction Company.**—This company was incorporated on August 2, 1905, and was the outgrowth of an organization of property owners that had built a line of railway between Couch and Jefferson Streets on First Street. The property was operated under a lease by the Portland Railway Company and its predecessors, and on November 30, 1909, was transferred to the Portland Railway, Light & Power Company for a consideration of \$45,000.00.

**Portland Water Power & Electric Transmission Company.**—Incorporated December 22, 1908, with a capital stock of \$1,000,000.00, this company expended \$143,244.74 on the construction of the waterpower plant at Estacada. This sum, however, is reduced to \$109,298.45 by two credits amounting to \$33,946.29, which represents the book profit made by the River Mill Company on timber which it sawed and sold to this company at the market price. The stock of this company was acquired by the Portland Railway, Light & Power Company during 1909 and 1910, and on February 29, 1912, the property was conveyed to that company. June 28, 1912, the capital stock was reduced to \$1,000.00.

**River Mill Company.**—Incorporated on March 1, 1909, with a capital stock of \$2,000.00, this company engaged in the sawmill business, selling the bulk of its product to the Portland Water Power & Electric Transmission Company, as above recited. The stock of this company was acquired by the Portland Railway, Light & Power Company during 1909 and 1910, and on February 29, 1912, the property was taken over. The company was dissolved on June 28, 1912.

**Cazadero Real Estate Company.**—Incorporated on August 15, 1907, with a capital stock of \$10,000.00, this company was formed for the purpose of buying real estate and right of way for the Portland Railway, Light & Power Company, and on February 29, 1912, practically all of its real estate was transferred to that company.

Oregon Railway & Navigation Company,  
Oregon Steam Transportation Company,  
Peoples Transportation Company,  
Willamette Falls Canal & Locks Company,  
Salem Consolidated Street Railway Company,  
Salem Light & Power Company,  
Silverton Electric Light & Power Company,  
Salem Gas Light Company.

The above named companies figured in the chain of title to particular portions of properties held by constituent companies, but their connection with the properties under examination is remote.

## OWNED OR CONTROLLED AND AFFILIATED UTILITY CORPORATIONS

**Willamette Valley Southern Railway Company.**—This corporation was formed for the purpose of constructing a line of electric railway from Oregon City to Mt. Angel. Fifty-one per cent of the stock of the corporation is held by the respondent through a trustee; and the first mortgage bonds of the corporation to the amount of \$750,000.00, due February 1, 1939, have been guaranteed by respondent. The property of this corporation does not appear elsewhere in these findings.

**Yamhill Electric Company.**—The 1915 report of the respondent utility lists the Yamhill Electric Company, an electric utility operating in Yamhill County, as a subsidiary corporation, acquired at a cost of \$138,500.00. Its operations and property are not treated elsewhere in these findings.

## OWNED OR CONTROLLED AND AFFILIATED NON-UTILITY CORPORATIONS

The following corporations are owned or controlled through stock ownership by the respondent, and their properties (generally non-operating in character) have been included in the findings as if the title were directly in the respondent.

**Portland & Sandy River Electric Company.**—Incorporated on July 28, 1906, with a capital stock of \$100,000.00, this company purchased real estate which it sold to the Mount Hood Company.

**Valley Development Company.**—Incorporated about May 1, 1907, with a capital stock of \$100,000.00, divided into 1,000 shares of the par value of \$100.00 each, this company in May, 1907, acquired appropriated water rights, surveys, maps, etc., for a consideration of \$50,000.00, and subsequently expended \$165,818.06 in the development of the project. About April 24, 1912, the Portland Railway, Light & Power Company acquired 994 shares of its capital stock. The company is still in existence.

**The Mount Hood Company.**—Incorporated on April 23, 1908, with a capital stock consisting of 500 shares of the par value of \$100.00 each, this company purchased and sold real estate. About April 24, 1912, the Portland Railway, Light & Power Company acquired 497 shares of its capital stock. The company is still in existence.

**Clackamas Power & Irrigation Company.**—Incorporated January 13, 1909, with a capital stock of \$15,000.00, divided into 150 shares of the par value of \$100.00 each, it increased its capitalization on June 17, 1912, to \$500,000.00, divided into 5,000 shares of the par value of \$100.00 each. The Portland Railway, Light & Power Company acquired control of this company by stock purchase, it being the owner of 2,501 shares. The company is still in existence.

## PART III.—ORIGINAL COST OF THE PROPERTIES

It is well settled that among the elements to receive consideration in investigations of this character, is the original cost of the properties devoted to public service. The term "original cost" has not received authoritative definition by the Supreme Court, but that tribunal has, nevertheless, invariably named it as an element to be considered. The term needs definition. It is evident that a statement of cost may be (a) either the cost to the present owners, or (b) the cost of integral portions of the property when first brought into public service to the persons who devoted them to such use, and regardless of whether they have since parted with the possession of the property. The cost ascertained may also relate (c) to the original property put into public service, or (d) the original property with additions and betterments, diminished by retirements or substitutions. These findings show the cost of the original property as put into public service, together with subsequent additions or retirements, as follows: First, the cost of the existing units of public utility operating property to those who devoted them to the public service, and second, the amounts paid in cash or its equivalent by the present investors, for the entire properties of utility, both operating and nonoperating.

## COST OF OPERATING UTILITY PROPERTY AS OF TIME IT WAS PUT INTO SERVICE

From the record an estimate has been made of the cost of the various portions of operating property of the respondent, regardless of what person or corporation may have put the property in the public service. Such amount, as of December 31, 1912, is found to be \$37,583,034.61. Additions, betterments, extensions and retire-

ments of operating property from January 1, 1913, to June 30, 1915, inclusive, increase this amount \$2,444,941.48, and the total cost as of June 30, 1915, is ascertained as \$40,027,976.09.

While these figures are necessarily estimates, they are supported by the evidence as being close to the facts, based on an examination of the records of the respondent and its predecessor and constituent companies. Certain corrections to the book figures were necessary. All expenditures which seemed to be abnormal in nature or which related to other than physical property, were excluded from the computation, such as increased book value recorded in transfers of property, the cost of financing and discounts on stocks and securities. Merely such sums are included as under present approved accounting systems prescribed by law would stand as charges against the fixed plant account; current operating assets, including material and supplies, working capital, etc., are therefore excluded by definition from this estimate.

Because of the variation in methods in which engineering, interest during construction, and similar overhead charges were treated in the accounts of the several constituent companies, it was deemed better in the interest of approximate accuracy, to eliminate all items of such character which appeared in the cost calculation. In lieu thereof an estimated amount (fourteen per cent of the construction cost) was added to cover overhead construction costs.

These costs cover only the operating properties of the respondent. No further separation of costs as between the various classes of utility service is feasible, from the present record.

The subsidiary utility corporations, Yamhill Electric Co., and Willamette Valley Southern Railway Co., and the Willamette Falls Locks sold to the United States in April, 1915, for \$375,000.00, are not included.

The costs herein found refer to physical property (with appropriate overhead allowances) and necessarily do not take into account any development cost, so called, of deficits from operation which may have been foreborne during the early days of the enterprise for the purpose of getting the business of the utility's system developed into the going concern it now is. The reasons for making no findings as to such costs from the record in its present unsatisfactory condition will be stated elsewhere herein.

Being cost figures, the amounts stated do not take into consideration either accrued depreciation or appreciation in value of any of the component parts of the system. The greater portion of the difference between the cost figures and the reproduction cost estimate will be found due to appreciation in present land values, water rights included, over original cost.

The source from which the money was obtained—whether by original contribution through stocks or bonds, or from corporate surplus—is immaterial in the findings under this head. However, plant expenditures taken care of out of subsidies or bonuses or property donated have not been included. The reproduction cost estimate contained in the present findings takes all such property into account and this further explains the difference between the reproduction cost estimate and the amount herein found. It is not possible to state with extreme precision the value of such property contributed through subsidies, donations and bonuses; but the value of such property, as of the time of acquisition, is found to be approximately \$207,000.00.

Assessments for public improvements, such as pavements between tracks paid by respondent or for which it is legally liable, have been included.

The figures given would be subject to some slight modification to conform the estimate to the Commission's views as to what property is to be treated as operating and nonoperating, as it is apparent that the estimate made includes somewhat more property than the Commission treats as operating property for the purposes of this report. However, this is counterbalanced to a certain extent by the fact that in some cases where the records were silent as to actual cost, the amount of the outstanding bonds alone was taken.

The record does not disclose the cost of nonoperating property with sufficient clearness to warrant a finding being made thereon under this heading.

#### COST OF THE PROPERTIES TO THE PRESENT INVESTORS

In the summer of 1905, E. W. Clark & Co. of Philadelphia, and J. & W. Seligman & Co. of New York (hereinafter called the "Bankers"), acquired con-

trol of all properties and franchises of Portland Consolidated Railway Company. In May, 1906, an examination of the properties and franchises of the Portland Consolidated Railway Company was made by a party of bankers, lawyers, engineers and accountants sent to Portland by the Bankers for the purpose, whose reports led up to the acquisition of all of the stock of that company by the Bankers. The properties and franchises of the Portland Consolidated Railway Company were conveyed to the Portland Railway Company, a new corporation organized for the purpose. Subsequently the properties and franchises of the Portland General Electric Company and the Oregon Water Power & Railway Company were acquired by the Bankers in the interest of the stockholders of the Portland Railway Company, and the properties and franchises of all of these companies were consolidated into the respondent Portland Railway, Light and Power Company. The Bankers subsequently acquired all of the properties and franchises of the Mount Hood Railway and Power Company, and caused them to be transferred to the respondent.

The following statement treats merely of the cost to the Bankers of the various properties as they were acquired by the bankers and does not include additions and betterments made by the respondent.

It is also to be noted, when this statement is compared with the findings on "Cost of Operating Utility Property as of Time It Was Put in Service," *ante*, that necessarily the sums here found as cost to the Bankers included such operating and nonoperating property as was held by the constituent companies, whether acquired by expenditures of moneys derived from stock subscriptions or bond issues of the constituents, or obtained through subsidies. Necessarily accrued appreciation and depreciation, as of the time of acquisition, as compared with original cost, are reflected. The prices found as paid necessarily included material and supplies, working capital on hand, and other current assets—in the end shown to be more than offset by current liabilities assumed. Both current assets taken over and current liabilities assumed are here taken into account. Paving assessments were included, but the amount thereof was comparatively small, as the great bulk of the paving for which assessments were levied was laid later. The properties when acquired were going utilities, with considerable attached business; therefore it may be taken that the prices found as paid reflected development of the respective businesses up to the stage attained by each company at the time of acquisition, and unexpired franchise values. The findings here made are as to the purchase price of the property as acquired by the purchasers mentioned; properties added afterwards are treated as additions and betterments and are otherwise reported herein.

The prices at which the varying properties were taken over by the bankers are frankly stated as estimates based upon a careful survey of present and prospective earning power, and therefore reflect the exchange or market value of the properties acquired, so far as the peculiar nature of such properties permits them to be said to have exchange or market value.

The following dates are to be borne in mind in this connection:

Name of Constituent Utility	Date of Incorporation	Date Transferred to Respondent
Portland Railway Co. ....	Oct. 13, 1905	April 30, 1908
Portland General Electric Co. ....	Aug. 5, 1892	Mar. 20, 1908
Oregon Water Power & Ry. Co. ....	June 6, 1902	Dec. 31, 1906
Mt. Hood Ry. & Power Co. ....	Oct. 29, 1906	Mar. 21, 1912

The Portland Railway, Light & Power Company was incorporated June 28, 1906.

Although the properties of the Portland Railway Company and the Portland General Electric Company appear as having been transferred in 1908, there was a contract dated June 30, 1906, which contemplated covering the transfer of the preferred and common stocks of those companies and of the Oregon Water Power & Railway Company to the respondent Portland Railway, Light & Power Company. This contract was dated two days after the incorporation of the respondent.

The first property acquired by the Bankers was the Portland Consolidated Railway Company in 1905. Immediately a new company was formed, the Portland Railway Company—the second corporation of that name. The cost of this property to the Bankers, together with certain underlying bond issues secured by liens upon the property, and assumed at the time of purchase, was as follows:

**Portland Consolidated Railway Company:**

Cash paid by Bankers for purchase of Portland Consolidated Railway Company ..... \$ 7,304,427.54

**Underlying Bond Issues Assumed:**

Portland Railway Co. (first company) and Portland & Vancouver Railway Co. (redeemed by Portland Railway Co., second)	982,000.00
Multnomah Street Railway Co., first mortgage, 6%, due 1910.....	126,000.00
Willamette Bridge Railway Co., first mortgage, 6%, due 1914.....	100,000.00
City & Suburban Railway Co., consolidated mortgage, 6%, due 1916..	87,000.00
City & Suburban Railway Co., consolidated mortgage, 4%, due 1930..	1,290,000.00

Cost of Portland Consolidated Railway Co. property to Bankers....\$ 9,889,427.54

In 1906 the property and franchises of the Portland General Electric Company (including the Willamette Falls Locks) and the properties and franchises of the Oregon Water Power & Railway Company were acquired, and these two properties, together with the Portland Railway Company, were consolidated, forming the present Portland Railway, Light & Power Company. Both of these latter properties so acquired were subject to underlying bond issues and the purchase price together with these issues are shown herewith:

**Portland General Electric Company:**

Cash for purchase of this property ..... \$ 1,016,666.67

Securities of the Portland Railway, Light & Power Co. given in part payment:

Preferred stock, par value, non-assessable.....	650,000.00
Common stock, par value, non-assessable.....	600,000.00
Collateral trust bonds, par value.....	3,000,000.00

**Underlying Bond Issue Assumed:**

Portland General Electric Co., first mortgage, 5%, due 1935.....	4,000,000.00
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Cost of Portland General Electric Co. property to Bankers.....\$ 9,266,666.67

**Oregon Water Power & Railway Company:**

Cash for purchase of this property ..... \$ 1,345,655.35

**Underlying Bond Issue Assumed:**

Portland City & Oregon Railway Co., first mortgage, 6%, due 1921.....	500,000.00
Oregon Water Power & Railway Co., first mortgage, 6%, due 1932 .....	3,931,000.00

Cost of Oregon Water Power & Railway Co. property to Bankers....\$ 5,776,655.35

**Excess of Current Liabilities over Current Assets:**

Net balance, excess of current liabilities of constituent companies assumed, over current assets transferred by them.....\$ 461,122.00

The properties of the Mount Hood Railway & Power Company, the Mount Hood Company and the Valley Development Company were taken over in 1911 and the purchase price to the Bankers, including interest at six per cent from the date of the advancements until repayment by the respondent, is shown herewith:

**Mount Hood Railway & Power Company:**

Cash paid from funds of the Portland Railway, Light & Power Co., for purchase of this property.....\$ 220,876.26

Proceeds from the sale of two year gold notes series "D" of the Portland Railway, Light & Power Company given in part payment on this property..... 4,900,000.00

Cost of Mount Hood property to Bankers.....\$ 5,120,876.26

A bond issue known as Mount Hood Railway & Power Company First Mortgage Sinking Fund Five Per Cent Gold Bonds, due in 1936, amount \$5,000,000.00, was assumed on taking over this property. These bonds, in turn, became the



property of the respondent and were placed as collateral to secure the payment of the gold notes of respondent given as part of the purchase price, as referred to under the head of "Bond and Short Term Notes," elsewhere in this report. These bonds are therefore nominally issued; and while shown on the balance sheet as both an asset and corresponding liability they are only considered as a pledge.

A resume of the foregoing statements shows that the purchase prices paid by the Bankers, including the par value of liens assumed on these original properties, aggregated \$30,514,747.82, as follows:

Portland Consolidated Railway Co. (in 1905).....	\$ 9,889,427.54
Portland General Electric Co. (in 1906).....	9,266,666.67
Oregon Water Power & Railway Co. (in 1906).....	5,776,655.35
	<hr/>
	\$24,932,749.56
Net current liability of three above-named constituent companies....	461,122.00
	<hr/>
Total cost of the three companies .....	\$25,393,871.56
Mount Hood Railway & Power Co. (in 1911).....	5,120,876.26
	<hr/>

Total cost of four principal constituent properties to the Bankers .....\$30,514,747.82

The aggregate sum, \$30,514,747.82, formed the basis of the various settlements made between the Bankers and the respondent utility, to which the various properties mentioned were conveyed. In the settlement with the Bankers, \$1,060,000.00 in par value of the common stock of the respondent was issued to the syndicate for its services in the matter of the consolidation; the market value of the stock so issued appears to have been approximately \$445,200.00.

*Additions and Betterments Subsequent to the Consolidation of Constituent Properties:*

The following statement shows the additions and betterments (including extensions) to the operating and nonoperating properties of the respondent, and is additional to the foregoing statement of cost to the Bankers and respondent. The statement is by fiscal years, except as otherwise stated, and shows the net amount—that is, withdrawals have been deducted, while new construction, including obligations for municipal improvements, is included, and only excess replacements over amounts of original construction appear. These amounts are computed from the records of the utility, and conform with Federal and State Uniform Classifications of Accounts.

<i>Period</i>	<i>Amount</i>
November 1, 1905, to April 30, 1908.....	\$ 4,957,202.00
April 30, 1908 to June 30, 1908.....	106,803.28
Fiscal year ending June 30, 1909.....	1,396,440.75
Fiscal year ending June 30, 1910.....	2,903,294.91
Fiscal year ending June 30, 1911.....	4,083,786.16
Fiscal year ending June 30, 1912.....	3,708,376.13
Fiscal year ending June 30, 1913.....	2,037,451.25
Fiscal year ending June 30, 1914.....	852,162.40
Fiscal year ending June 30, 1915.....	270,016.22

Total additions and betterments, November 1, 1905, to June 30, 1915.....	\$20,315,533.10
Less sale of Willamette Falls Locks to United States, April, 1915 .....	375,000.00

Net additions and betterments for period mentioned....\$19,940,533.10

*Cost to Present Investors, Recapitulated.*

The cost to the present investors shown in the foregoing findings, recapitulated, is as follows:

Properties taken into original consolidation, including Mt. Hood system .....	\$30,514,747.82
Compensation of underwriting syndicate.....	445,200.00
Additions and betterments subsequent to consolidation, to June 30, 1915, excluding Willamette Falls Locks..	19,940,533.10
Total .....	<hr/>
	\$50,900,480.92

This recapitulation does not include the cost of the two subsidiary corporations, the Yamhill Electric Company, or of the Willamette Valley Southern Railway Company (controlling interest), and does not take into account the sums standing to the credit of various funds, shown in the general balance sheets elsewhere set out herein. Uncompleted work in progress, not charged to plant account on June 30, 1915, is not included.

#### PART IV—REPRODUCTION COST OF THE PROPERTIES

Another element to be taken into consideration is the "present as compared with the original cost of construction," or, as it is commonly termed, the reproduction cost of the property. By that term, as it is understood in these findings, we mean the amount of cash or its equivalent necessary to acquire the real estate of the respondent, not, however, exceeding the fair value of similar nearby real estate, and of reproducing the other physical property of the respondent in the condition in which such physical property was when first put into public service, as of June 30, 1915. To these structural costs, certain estimated sums are added for overhead expenditures not inhering in the prices assigned for the physical properties, such as general engineering, law expenses, interest during construction, and the like. As the property in question was practically without any exception new when put into public service, the estimate outlined may well be termed "reproduction cost new."

The findings as to reproduction cost have been divided as between property devoted to utility operations and property devoted to nonutility operations. The test applied has been whether the particular piece of physical property is "actually used and useful for the convenience of the public." (Laws of 1911, c. 279, p. 485, sec. 9.)

##### *Ascertainment of Structural Costs:*

In the ascertainment of the structural cost of property, the attempt has been made to apply normal prices for material and labor, such as would be paid by a concern of the size and character of the respondent undertaking to have its physical properties in condition to operate June 30, 1915, with the exercise of reasonable skill and foresight, and the employment of economies which so large a utility might demand. Normal average prices have been taken, rather than momentary prices which were abnormally high or low. With respect to properties added between December 31, 1912, and June 30, 1915, the actual construction costs as deduced from vouchers have been assumed to represent reproduction costs as well.

##### *Overhead Costs:*

An estimate has been made of the construction expenditures due to engineering and superintendence, law expenses, injuries and damages during construction, taxes during construction, miscellaneous construction expenditures, with proper consideration of contingencies and inventory omissions.

Inspection of these items of expenditure shows that they fall under two classes: (1) Expenditures which can be said to relate clearly to particular classes of physical property, as carried in the various primary accounts; and (2) expenditures which do not appear to relate to particular classes of physical property, but are more directly applicable to the system as a whole. The estimated reconstruction expenditures for the first class have been distributed among the various primary and sub-accounts to which they relate, in a ratable proportion and are included in the totals; the remaining overhead items have been carried under the proper general accounts. This treatment of overhead items is warranted by the classifications of accounts prescribed by the Interstate Commerce Commission and by this Commission, and which are controlling as to the street railway and utility operations of the respondent, respectively.

Thus in the estimates for road and equipment accounts as prescribed by the Interstate Commerce Commission, Account No. 550, Miscellaneous, includes all expenses of a special and incidental nature directly incurred in connection with the construction or acquisition of property classable as road and equipment, which cannot properly be included in any other account in the classification. These amounts have been estimated and apportioned to the other primary accounts to which such miscellaneous items relate, as closely as possible; and

the undistributed balance is shown in the statement under Account No. 550, Miscellaneous.

The uniform classification of accounts for electric and gas utilities prescribed by this Commission, under the account of undistributed construction expenditures provides, "This account should include the expenditures provided for in the following subject of account when said expenditures can not be satisfactorily allocated to the fixed capital accounts to which they relate"—referring to engineering and superintendence, law expenses during construction, injuries and damages during construction, taxes during construction, and miscellaneous construction expenditures. These items of expenditure have been estimated, and have been charged against the proper primary utility account where such apportionment seems to be logical and is clearly indicated; the remainder, only, is carried as undistributed construction expenditures.

In like manner has been estimated the interest during construction which would necessarily be incurred, in the form required by the classification of accounts of the Interstate Commerce Commission and this Commission. The expenditures in this behalf have likewise been spread over the particular primary accounts to which they relate where the allocation seemed to be logical and direct; and the remainder is carried under the proper general account.

The Commission recognizes the apparent inconsistency, particularly manifest in the case of a rising market, of including land or other property at present prices, and also including interest during an assumed construction period preceding the date when the property is taken as reproduced. As to property other than lands, this is met by the use of normal, rather than instantaneous prices. With lands, the momentary price is taken; but in the present case it is shown that land values have been practically stationary, or have actually decreased, during the assumed construction period, and during the various periods the respective pieces of real property would be in the ownership of the utility preceding the completion of construction. In such case the inconsistency mentioned is nominal and not real, and the logical and strict application of the reproduction theory calls for the inclusion of interest during the construction period, although the resulting sum may therefore exceed the present market or exchange value of the property.

This treatment of overhead items is also necessitated by the purposes of this investigation, which looks to the establishment of rates for certain particular classes of service. It is found that this method of allocation brings the depreciable overhead items of expenditure into juxtaposition with the depreciable items of physical property to which they relate, and *vice versa*. It is to be noted that the reproduction cost estimate presented has been deduced not primarily from arbitrary percentages of structural cost, but from estimates as to the sums of money which would be required for such overhead construction purposes, against which the various percentage estimates shown in the record have been applied as a check. Considerable care has been taken to differentiate between overhead items which are in practice absorbed in the unit price used, and those which are clearly extraneous.

#### *Cost of Obtaining Money:*

The utility has made a claim of one and sixty-five hundredths per cent as an overhead item for cost of obtaining money, and endeavors to support such claim by a showing deduced from its financial accounts that in obtaining and handling of capital necessary for its extensions and developments, expenditures approximating this amount have been necessitated. The claim made in this regard is not to be confused with a claim for discount or broker's fees. Allowance for these latter items was expressly refused by the Commission in *Campbell v. Hood River Gas & Electric Company*, Ninth Annual Report of Public Service Commission of Oregon, page 81, where it was pointed out that expenses of this character are, by force of the uniform classification of accounts prescribed under authority of law, required to be amortized and not charged to capital. The expense now claimed is an expense in the utility's own organization which has to do with other matters than the interesting of outsiders in the raising of capital.

The overhead allowances as included in the reproduction cost estimate of the Commission were based upon cost of a normal and efficient organization,

and the incidental services in handling funds of this character are clearly absorbed in the estimate previously made.

If the matters of the character under present consideration resulted in actual cost to the utility or its predecessors, such cost is undoubtedly included in the sums stated under the headings of original cost.

#### *Land Values:*

In the estimate of reproduction cost, the values of the particular portions of the respondent's real property have been estimated on the basis of the reasonable market value of similar lands in the locality. No claim is made for multiples for special costs of acquisition, severance damages, or the like, and no estimate has been made of such amounts. Where land has had a peculiar adaptability to the particular use to which it has been put, that fact has been given such consideration as circumstances indicated to be proper.

The reasons for estimating, as a reproduction cost, a certain amount as interest during construction, have already been stated. The remaining items of so-called overhead expense were estimated as a whole, for the entire system of the respondent; and for convenience in apportionment of cost of service analysis, a certain proportion of the total estimate for overhead expenses has been spread as between the various portions of real property included in the estimate.

#### *Water Rights:*

The preliminary statement herein shows that the respondent has five hydraulic generation plants with a total installed capacity of 42,880 kilowatts, deriving energy from the Willamette River Falls, Clackamas and Sandy rivers and Silver Creek. At Willamette River Falls the respondent also owns various other powers which it is not utilizing itself but has leased to other persons or corporations, who are making use thereof. The title to the right to use water for these purposes, so far as the Willamette River Falls and Silver Creek properties are concerned seems to be based upon the ownership of the adjacent riparian lands. The powers upon the Clackamas and Sandy rivers have been appropriated; although the utility is the owner of sufficient adjacent land that a portion at least of the powers could probably be supported under the claim of riparian ownership. The water rights are in the possession of the utility, either under appropriation or as an incident to riparian ownership, at least to the extent to which the powers have so far been applied to beneficial use. In either event, the water right is an appurtenance to the land owned by the respondent—if under the claim of riparian ownership, an appurtenance to the riparian land; if held by appropriation, then an appurtenance to the land upon which the application to beneficial use is made.

Although the water right is real estate, and is an appurtenance to and an incident of land, the accounting classification of the Commission, in conformity with accounting practice elsewhere, permits a separation of landed capital into the following elements:

- A. Water rights.
- B. Land occupied by generating stations.
- C. Land devoted to transmission and transformation operations.
- D. Land devoted to distribution operations.
- E. Other land devoted to electric operations.

It is no longer open to dispute in a rate making case which involves the issue of confiscation, that consideration should be given to the value of the right to the use of water, whether acquired by appropriation or by the act of adjacent riparian owners. *San Joaquin & Kings River C. & I. Co. v. Stanislaus County*, 233 U. S. 454, 58 L. ed. 1041, 34 Sup. Ct. Rep. 652. No definite rule of value has been laid down by the Supreme Court; and in the default of a controlling criterion prescribed by ultimate authority the Commission is constrained to apply the tests laid down in *Smythe v. Ames*, 169 U. S. 466, which have all been epitomized.

In treating the water right separately from the land to which it is appurtenant, extreme care is, of course, necessary that there is not an overlapping and double valuation. In the present case the land and the appurtenant water right have finally been treated together.

*Original Cost:*

The original costs or actual costs of the water rights in question, howsoever acquired, are reflected in the total sums previously found as the original cost of the operating utility property as at the time it was put in service, and cost of the properties to the present investors. It is impossible to be precise as to the exact sums that were paid for the water rights, or for the lands and water rights, as of the time that the properties were put in the public service; it is manifest that the prices paid either for the lands with the water rights, or for the acquisition of the water rights separately, in the aggregate constitute but a tithe of the sums hereinafter found to represent the cost of reproduction of these water rights. In the statement of the cost to the present investors it is not possible to segregate the lump sums paid for various properties so as to show the amount the present investors had in contemplation as representing the value of the water rights when acquired by them in the process of consolidation of operating units into the present utility's system. However it is likewise manifest that the value assigned to the water rights in the acquisition of the various constituents of the present system greatly exceeded the sums originally paid by those who first devoted these powers to public service. How the amount in contemplation of the present investors for such water rights—if indeed they had any precise amount in mind—would compare with the sum hereinafter found as reproduction cost, cannot be stated and the attempt would be unwarrantable conjecture.

*Reproduction Cost:*

The value of water rights at Station J, upon Silver Creek, with an installed capacity of 250 kilowatts, has been absorbed in the reproduction value of the riparian property, and this power needs no further consideration.

A number of tests have been proposed by which to determine the commercial value of the other waterpowers of the respondent. It has already been stated that a considerable portion of the power owned by the utility at Oregon City, and developed from the Willamette River Falls has been leased to other persons and corporations who utilize the same in the manufacture of paper. The net revenue derived from such leases has been established by careful computations and an analogy has been drawn between such powers and the other powers at the same point devoted to the public use. The attempt was made to ascertain the average cost of developing all power in the territory in which the utility operates (including power developed by the utility itself) and to bring such community power cost to a unit comparable with the respondent's costs for developing hydroelectric energy. This saving was then capitalized. There is testimony of record as to the prices paid for undeveloped powers generally in particular instances in the Pacific Northwest. The terms upon which power could be obtained upon the public lands of the United States in compliance with the requirements of the Departments of the Interior and Agriculture, were analyzed. It has been possible to contrast the availability, desirability and economy of powers upon the Clackamas and Sandy Rivers with those at Oregon City. A careful study of the characteristics of each power, as to volume and continuity of flow, storage capacity, availability for use in the immediate locality and the like, must be made for intelligent comparison and balancing of values, and this study has been made.

From a consideration of the entire record the reproduction costs of the various utilized waterpowers in the locality, as of June 30, 1915, have been ascertained and have been treated as appurtenances to the lands occupied by hydraulic generation stations and riparian lands. These values are therefore included with lands in the reproduction cost estimates which follow.

No portion of the overhead expenses of reproducing the utility's property has been based upon the amounts computed for water rights. As will be seen by reference to the findings in the case of the land values, certain amounts of the total estimated overhead expense were apportioned to land in order to facilitate accounting computations which will be necessary in the cost of service analysis to which these findings are a prelude. As the water rights are an appurtenance to the lands to which an assignment of overhead expenses has already been made, no apportionment of overhead expenses to water rights is necessary, if indeed under the rule of the Minnesota Rate Cases any such allowance would be proper. Minnesota Rate Cases, 230 U. S. 352, 57 L. ed. 1511, 33 Sup. Ct. Rep. 729.

It is shown by the record that the respondent owns a number of other tracts of land upon which power may be developed, but which proposed power sites are only potentialities. It is also claimed that the existing developments upon the Willamette, Clackamas and Sandy rivers may be increased and further power developed. Values are asserted for these rights, although no claim is made that they are to be treated as operating property. The value of the powers upon streams entirely undeveloped is reflected in the value of the lands to which the powers are or will be appurtenant, under the head of nonutility property; and powers which have been partially developed can be taken care of when their full development becomes "actually used and useful for the convenience of the public."

*Classification of the Properties of Respondent:*

In order that the findings here made may be of real service to the Commission in the present investigation and in the future it is necessary that the properties of the respondent be classified and divided. The division between utility and nonutility property has already been mentioned. With respect to utility operating property, further subdivision is necessary as between (1) the different classes of public utility services performed by the respondent, such as electric light and power, interurban railway, street railway, gas, etc., and (2) by localities in which such services are performed, as far as subdivision by localities or districts is feasible.

The ultimate purposes of a valuation of this character are two-fold: (1) That confiscation of the property of the utility may be avoided, and (2) that the economic cost of performing services under investigation may be ascertained. In both such cases it is necessary to discover the value of the property used in the particular public service for the general group of customers. The term value is here used in its special senses as employed for the purposes here mentioned, rather than in the sense in which it is employed as a term in economics.

For the reasons stated, the reproduction cost new, as herewith submitted, has been divided between the following classes of service and localities, viz:

**Electric Light and Power Plant:**

Portland division (Oregon properties north of Woodburn).

Willamette Valley division (Oregon properties, Woodburn and south thereof).

Vancouver division (Washington properties).

**Railway Plant:**

Portland City Street Railway division.

Interurban Electric Railway lines—

Oregon Water Power Railway division.

Mt. Hood Railway division.

**Gas Plant (Salem).**

**Nonutility operations.**

Obviously many portions of the utility's system are used in common for two or more of the above districts or classes of service, or are used generally for the whole system. These jointly used properties have been apportioned on appropriate bases as between the various districts and classes of service above mentioned.

**PROPERTIES CLASSED AS NONUTILITY OPERATING IN CHARACTER**

In a general way it may be said that there was not much conflict in the testimony as to what property was to be classed as utility and what as non-utility in character, under the definition laid down in the Public Utilities Act cited. For the sake of clearness the following parcels of real property are pointed out as having been classified as nonutility lands, together with the improvements thereon; in some cases a part of the land described was treated as nonutility and the remainder as utility, as stated. The parcels can readily be identified by the names given by reference to the record.

**Oregon City Property**—That portion of the lands at Oregon City leased by the paper mills and 42.67 per cent of the hydraulic power development at Oregon City, which portion is used by the paper mills.

*River Mill Property*—All that portion shown in green on respondent's exhibit 34, in accordance with the testimony of the witness.

*Proposed North Fork Development*—The southeast quarter of the northwest quarter of Section 11; and all the land lying east of the north and south line drawn through the center of Sections 2 and 11, Township 4 south, Range 4 east, lying adjacent to Clackamas River.

*Station J, Silverton*—The easterly 161.45 acres, as indicated by Mr. Rollin K. Page.

*Development at Bull Run*—As utility property there has been included all of the property owned by respondent in Section 6, Township 2 south, Range 5 east, Willamette Meridian; the land reserved for spillway in Section 7, Township 2 south, Range 5 east, Willamette Meridian; the right of way along the flume line through Sections 5, 4, 10, 15, 14 and 13, Township 2 south, range 5 east, Willamette Meridian, save that the north half of the northwest quarter of the northeast quarter of Section 10; that portion of the southwest quarter of the northeast quarter of Section 14, lying southwesterly of the Big Sandy River; and that portion of the northwest quarter of Section 13 lying south of the Big Sandy River, have been considered as nonutility land.

Respondent has contended that the land on the Big Sandy side of the Devils Backbone (the divide between Big Sandy River and Bull Run River) should be considered as utility operating land. Its claim is that at some time in the near future it will be necessary to replace the present flume along the Little Sandy and Bull Run Rivers from the intake, below the outlet of the tunnel through the Devils Backbone from the Big Sandy River to the Little Sandy River, with a concrete-lined canal from the upper end of the tunnel through the Devils Backbone to the present reservoir in Section 6, Township 2 south, Range 5 east, Willamette Meridian. Until such time as this proposed canal is constructed the land lying south of the Devils Backbone should be considered as nonutility property, but at the time the proposed canal is placed in service this land lying south of the Devils Backbone may be included as utility property, and at the same time the land lying north of the Devils Backbone should be excluded from utility property unless other use is made of it in the public service.

The site of the Mt. Hood Power Company's Vancouver substation, together with the building, is considered as nonutility property.

Such portion of the Electric building and the land on which it is situated as is used by outside tenants is considered to be nonutility. In determining this proportion, relative rental value of the space occupied, rather than relative area, has been employed as the determining factor.

The sites of the Twenty-third street shops, Milwaukie carhouse and Gresham carhouse are also considered nonutility property.

Land between Hawthorne avenue and Golf Junction on the river front railway line; the west half of Lots 7 and 8 in Block G, Kern's Addition; land lying south of a line parallel with and 230 feet south of the center line of Crampton street, to Spokane avenue, except what is now used by respondent as right of way for its line of railway and transmission lines through this property; and that portion of Blocks A and B in Sellwood lying outside of the right of way 200 feet in width is considered nonutility land.

The Canemah Terminal lands; part of Robert Moore Donation Land Claim; Molalla River property; part of M. K. Perrin Donation Land Claim; Willamette Falls property; lands in Sections 25 and 36, Township 1 south, Range 4 east, Willamette Meridian; Sections 31, 32, 34 and 35, Township 1 south, Range 5 east, Willamette Meridian; Sections 9, 10, 11, 13, 14, 16, 17 and 24, Township 2 south, Range 5 east, Willamette Meridian; Sections 17, 18, 19, 20, 22 and 24, Township 2 south, Range 6 east, Willamette Meridian; Section 32, Township 2 south, Range 7 east, Willamette Meridian; Section 9, Township 3 south, Range 7 east, Willamette Meridian; Vancouver waterfront property; Vancouver Heights property, and Little White Salmon River property is considered nonutility land.

*Miscellaneous Nonutility Property*—Tracts described in the record as Lots 13, 13, 14 and 15 in Block 12, Willamette; Lots 11, 12 and 13 in Block 56, Carter's Addition; tract of 4,789 square feet just north of Lots 10 and 11, Block 56,

Carter's Addition; north 120 feet of Block 105, Fulton Park Addition; Buchker Tract; Clifford's Addition; Exposition Tract; Goldsmith's Addition; Nicholson's Addition; North Mt. Tabor; Paradise Springs; Powelton; Woodlawn; Ravena Park; Mabelville; Prunedale; Little Homes' Subdivision No. 1; Regner's Addition; Mildred Addition; Carlson's Addition; Willamette and Tualatin Tracts; Capital Park Addition to Salem; Block 28, City of Portland; Block 2, Winde-muth; 3.86 acres in Arleta; North Portland acreage; Powell Valley road property; Fairview property; Lot 8, Block 7, St. Johns; Columbia bottom land; Gordon Creek property; Hayden Island property; north one-half of southeast quarter of Section 9, Township 1 south, Range 4 east, Willamette Meridian; Lots 7, 8, 9, 10 and part of Lot 11, Block 12, Lee Bow Park; 0.48 acres in Section 24, Township 1 north, Range 2 east, Willamette Meridian; 240 acres in Sections 9 and 10, Township 1 south, Range 4 east, Willamette Meridian; Bingham property; part of Wm. Bland Donation Land Claim.

Between Hawthorne avenue and East Grant Street, and between the Willamette River and the right of way of the Southern Pacific Company is a large body of lands customarily spoken of in the record as the East Side terminal lands.

For present purposes these lands have been classified in the reproduction cost estimate, in conformity with the classification of accounts, as other lands used in electric railway operations. This tract of waterfront property, however, was evidently acquired and is being retained for purposes other than the present or prospective use of a street or interurban electric railway terminal. In further proceedings where the question of value of the interurban railway properties may become material, it will be necessary to give further consideration to the use made of this tract of land, with a view to apportioning its value as between the present public use and the other nonutility purposes for which the property is held.

The respondent has contended vigorously for the inclusion with utility operating property of the recreation parks known as The Oaks Park, Canemah Park, Estacada Park, and lands leased by respondent for league baseball games, called Recreation Park. Similarly a claim is made for the inclusion of the Estacada Hotel property. The basis for the claim is that the properties develop passenger transportation to such an extent that it is good business to maintain them, and that the expense is analogous to advertising. The Oaks Park is of the Coney Island type; Canemah Park and Estacada Park are woodlands bordering on the Willamette and Clackamas Rivers, respectively, and the Estacada Hotel is in part a commercial hostelry, but largely used for the accommodation of those who take the short trip from the city of Portland to the Clackamas Valley. The baseball grounds were evidently acquired for some other purpose, by a predecessor company, and the present use seems to be a makeshift. The rental derived is nominal. In another portion of the present findings are set out (distinct from utility operating revenues and expenses) the financial results of the ownership of these properties. They do not seem to yield an appreciable return upon their present value, unless it be covered by increased passenger business, and as to that the Commission is by no manner of means convinced. The Commission is not able to find that such property is "actually used and useful for the convenience of the public," and has therefore listed such property and the improvements thereon under the head of park and resort property, and not under the head of utility operating property, for the purposes of the present findings.

#### LEASED PROPERTY

A parcel of terminal lands, described in the record as the Stephen's Land Company property, is held by the respondent utility under a lease which expires in 1932. The reserved rental is \$2,220.00 per year; taxes paid by lessor.

Following the case of *Campbell v. Hood River Gas & Electric Company* (Ninth Annual Report, 1915, Oregon Public Service Commission 78; P. U. R. 1915 D-855) the value of such land should not be included as property of the utility. The uniform system of accounts of electric railways prescribed by the Interstate Commerce Commission, which, by both State and Federal law is binding upon respondent, does not permit the inclusion of costs for leaseholds, certainly not for more than was originally paid therefor.



It is contended by the company that it should be allowed a return upon the fair value of the leasehold, determined by a capitalization of the profits. It is to be borne in mind that the purpose of this appraisal is a valuation of the property as a whole—or rather an ascertainment of the value of the property devoted to the particular classes of service—and is not a valuation of component parts, except as a study of component parts as may be necessary to accomplish the major purposes of the investigation. The rental paid by the company is properly chargeable to the income account of the utility, and is in fact so treated in the company's accounts. Such benefits as may accrue from the ownership of the lease are, in the opinion of the Commission, counterbalanced by the fact that the utility does not have title to an integral and necessary part of its system; that upon the expiration of the lease the respondent will be compelled to acquire the property, by purchase, condemnation or new lease, upon the then value of the property; that if the future may be judged by the past, increase in land values promises to be so enormous that prudence and business judgment would have dictated the acquisition of the full title to this property at a time when values were low, rather than to wait until they had increased so enormously that an undue burden would be cast upon the owners. In other words, if the particular leasehold has a positive value to be ascertained by capitalizing the present saving in rental, the lease also constitutes a menace to the system as a whole, and must be regarded as impairing the value of the remaining portions of the utility's plant until it is definitely settled that the utility will be permitted to remain in possession of this piece of property, without which the interurban system would be useless, at a reasonable figure. When additional capital is invested by the utility in this behalf it can, of course, be taken into account.

For such purposes as the finding may be worth, it is now found that the fee title to the property, based upon the market value of adjacent land similar in character, is \$220,000.00, but such amount is not included in the findings of reproduction cost above set forth. The rental paid for the use of such leased land is, however, included in the income statement otherwise set out in these findings.

The reproduction cost of the various divisions of the respondent's plant, as above defined, and as of June 30, 1915, is found to be as follows, by divisions and classes of service, and as a whole:

	Portland Street Railway Division	Oregon Water Power Railway Division	Mount Hood Railway Division
<i>Way and Structures—</i>			
501 Engineering and superintendence .....	\$ 780.20	\$ 1,045,556.73	\$ 179,370.11
502 Right of way .....	153,949.96	1,389,535.35	32,919.13
503 Other land used in electric railway operations .....	1,389,535.35	1,343,681.35	430,448.94
504 Grading .....	425,410.88	786,683.69	15,766.00
505 Ballast .....	208,440.88	103,279.94	39,569.10
506 Ties .....	261,971.77	106,031.64	151,891.10
507 Rails, rail fastenings and joints .....	1,159,165.58	416,093.38	14,085.05
508 Special work .....	590,705.01	55,307.63	37,844.37
509 Track and roadway labor .....	446,245.56	129,770.80	1,586.92
510 Track and roadway labor .....	1,909,955.01	52,820.36	204.00
511 Paving .....	11,581.19	3,737.00	66,513.27
512 Roadway machinery and tools .....	258,972.00	142,657.04	16,589.96
515 Bridges, trestles and culverts .....	5,344.37	46,787.61	22,139.00
516 Crossings, fences and signs .....	13,907.21	15,190.66	22,502.38
517 Signals and interlocking apparatus .....	14,610.82	9,499.31	6,017.00
518 Telephone and telegraph lines .....	78,285.01	29,285.16	1,972.51
519 Poles and fixtures .....	6,429.00	255,323.21	13,173.35
520 Underground conduits .....	533,553.35	18,852.91	80,127.99
521 Distribution system .....	49,912.61	18,852.91	1,118.73
522 General office buildings .....	863,553.95	188,920.61	22,139.00
523 Shops and carhouses .....	7,537.71	103,789.86	22,502.38
524 Stations, miscellaneous buildings and structures .....	36,365.00	40,245.00	6,017.00
525 Wharves and docks .....			
<i>Equipment—</i>			
530-533 Passenger and combination cars and their electric equipment .....	3,259,571.62	334,416.82	47,912.98
531-533 Freight, express and mail cars and their electric equipment .....	14,932.54	312,634.98	53,324.53
532-533 Service Equipment and its electric equipment .....	103,800.45	39,551.98	4,358.00
534 Locomotives .....		119,075.00	17,320.00
535 Floating equipment .....	39,080.00		
536 Shop equipment .....	105,742.88	12,152.19	4,051.78
537 Furniture .....	32,018.48	13,138.92	1,993.28
538 Miscellaneous equipment .....	30,422.42	13,464.31	958.97
<i>Power—</i>			
539 Power plant buildings .....	423,546.31	51,294.53	9,281.87
540 Substation buildings .....	104,754.91	58,480.78	1,571.09
541 Dams, canals and pipe lines .....	1,141,779.25	138,277.76	25,021.89
542 Power plant equipment .....	897,519.34	103,850.71	15,285.90
543 Substation equipment .....	604,464.49	235,376.09	19,461.84
544 Transmission system .....	219,497.60	26,582.75	4,810.21
<i>General and Miscellaneous—</i>			
546 Law expenditures .....	126,864.00	51,754.00	11,085.00
547 Interest during construction .....	26,506.23	10,377.71	2,357.40
550 Miscellaneous .....	279,102.98	113,852.24	24,387.04
Total .....	\$15,433,832.12	\$6,377,812.16	\$1,366,017.98

## ELECTRIC RAILWAYS—SUMMARY

*Way and Structures—*

501 Engineering and superintendence .....	\$ 780.20
502 Right of way .....	1,378,876.80
503 Other land used in electric railway operations.....	2,656,136.83
504 Grading .....	1,592,553.51
505 Ballast .....	327,456.83
506 Ties .....	407,562.51
507 Rails, rail fastenings and joints.....	1,727,150.06
508 Special work .....	660,097.69
510 Track and roadway labor .....	613,861.23
511 Paving .....	1,964,362.79
512 Roadway, machinery and tools .....	15,522.19
515 Bridges, trestles and culverts .....	468,148.31
516 Crossings, fences and signs .....	67,721.94
517 Signals and interlocking apparatus.....	29,097.87
518 Telephone and telegraph lines.....	26,083.64
519 Poles and fixtures .....	120,723.53
520 Underground conduits .....	6,429.00
521 Distribution system .....	869,009.55
522 General office buildings .....	69,884.25
523 Shops and carhouses .....	1,074,613.56
524 Stations, miscellaneous buildings and structures.....	133,819.95
525 Wharves and docks .....	81,647.00

*Equipment—*

530-533 Passenger and combination cars and their electric equip- ment .....	3,641,901.43
531-533 Freight, express and mail cars and their electric equip- ment .....	380,942.05
532-533 Service equipment and its electric equipment.....	147,710.43
534 Locomotives .....	136,395.00
535 Floating equipment .....	39,080.00
536 Shop equipment .....	121,946.85
537 Furniture .....	47,150.68
538 Miscellaneous equipment .....	44,845.70

*Power—*

539 Power plant buildings .....	484,122.71
540 Substation buildings .....	164,806.43
541 Dams, canals and pipe lines .....	1,305,078.70
542 Power plant equipment .....	816,656.45
543 Substation equipment .....	859,302.43
544 Transmission system .....	250,890.56

*General and Miscellaneous—*

546 Law expenditures .....	189,703.00
547 Interest during construction .....	38,241.34
550 Miscellaneous .....	417,349.26

Total .....\$23,377,662.26

	Portland Division	Willamette Valley Division	Vancouver Division
<i>Intangible Capital—</i>			
E-201 Organisation .....	\$ 230,186.00	\$ 14,814.00	\$ 8,108.00
E-204 Other intangible capital .....	4.88	.29	.17
<i>Landed Capital—</i>			
E-206 A Land occupied by hydraulic generating stations, riparian land and water rights .....	1,849,847.83	110,374.16	64,841.22
B Land occupied by steam generating stations .....	226,836.27	13,522.62	7,944.10
C Land devoted to transmission and transformation operations .....	118,842.46	7,078.99	4,158.68
D Land devoted to distribution operations .....	249,831.62	4,166.40	9,953.00
E Other land devoted to electric operations .....	110,063.14	9,184.98	6,875.00
<i>Production Capital—</i>			
E-207 Dams, water conduits and penstocks .....	2,817,793.43	168,128.19	98,769.83
E-208 Power plant buildings .....	1,046,368.56	62,867.64	36,638.96
E-209 Turbines and waterwheels .....	333,330.91	19,888.73	11,683.98
E-210 Furnaces, boilers and accessories .....	431,343.74	26,734.82	15,119.54
E-211 Steam engines .....	654,885.51	39,056.90	22,944.66
E-212 Electric generators .....	170,866.32	10,156.61	5,966.67
E-213 Accessory electric power equipment .....	131,324.28	7,871.48	4,624.23
E-214 Miscellaneous production equipment .....			
<i>Transmission, Transformation, Storage and Distribution Capital—</i>			
E-216 Poles and fixtures:			
A Transmission system .....	196,774.13	19,301.44	12,804.09
C Distribution system .....	602,693.14	56,664.99	28,230.33
E-217 Overhead system:			
A Transmission system .....	354,334.87	25,316.33	26,862.13
C Distribution system .....	835,073.94	73,865.43	34,414.85
E-218 Underground conduits:			
A Transmission system .....	62,123.51	3,706.70	2,177.57
C Distribution system .....	770,296.07		
E-219 Substation buildings and general structures:			
A Transmission system .....	46,069.74	2,748.83	1,614.85
B Transformation and storage .....	1,206.81		
C Distribution system .....	286,358.00	5,885.00	1,754.00
E-220 Substation equipment:			
A Transmission system .....	390,924.56	23,049.30	13,640.72
B Transformation and storage .....	363,567.59	82.97	48.76
C Distribution system .....	191,416.34	50,910.55	12,346.50

	Portland Division	Willamette Valley Division	Vancouver Division
E-221 Miscellaneous equipment:			
E-222 C Distribution system .....	73,773.91	2,427.00	1,006.00
E-223 Line Transformers and devices .....	344,896.41	50,033.91	16,885.02
E-224 Electric services .....	158,346.11	18,093.78	7,186.90
E-225 Electric meters .....	514,898.09	50,315.73	22,289.55
<i>Utilization Capital—</i>			
E-226 Municipal street lighting system (electric) .....	344,584.10	14,532.61	7,434.63
E-227 Commercial lamps and lamp equipment .....	46,813.24	493.21	1,022.00
E-228 Electric motors and heaters .....		1,015.42	.....
<i>General Capital—</i>			
E-231 General structures .....	98,077.32	5,336.57	4,854.16
E-232 General equipment .....	47,810.75	5,539.33	2,209.37
<i>Miscellaneous—</i>			
E-235 Undistributed construction expenditures:			
B Law expenses during construction .....	115,343.00	7,407.00	4,054.00
E Miscellaneous construction expenditures .....	23,162.30	4,744.88	1,424.18
E-236 Interest during construction .....	23,585.15	1,501.53	812.65
Total .....	\$14,201,752.08	\$ 912,810.30	\$ 499,590.28

## ELECTRIC UTILITY SUMMARY

<i>Intangible Capital—</i>	
E-201 Organization .....	\$ 253,408.00
E-204 Other intangible capital .....	5.34
<i>Landed Capital—</i>	
E-206 A Land occupied by hydraulic generating stations, riparian land and water rights .....	2,025,063.21
B Land occupied by steam generating stations .....	248,102.99
C Land devoted to transmission and transformation opera- tions .....	129,880.13
D Land devoted to distribution operations .....	263,751.02
E Other land devoted to electric operations .....	122,123.12
<i>Production Capital—</i>	
E-207 Dams, water conduits and penstocks .....	3,084,691.45
E-208 Power plant buildings .....	1,144,275.14
E-209 Turbines and waterwheels .....	364,903.68
E-210 Furnaces, boilers and accessories .....	472,200.10
E-211 Steam engines .....	716,587.07
E-212 Electric generators .....	
E-213 Accessory electric power equipment .....	186,788.60
E-214 Miscellaneous production equipment .....	144,419.99
<i>Transmission, Transformation, Storage and Distribution Capital—</i>	
E-216 Poles and fixtures:	
A Transmission system .....	228,879.66
C Distribution system .....	687,578.46
E-217 Overhead system:	
A Transmission system .....	406,603.33
C Distribution system .....	943,354.22
E-218 Underground conduits:	
A Transmission system .....	68,007.78
C Distribution system .....	770,296.07
E-219 Substation buildings and general structures:	
A Transmission system .....	50,433.42
B Transformation and storage .....	1,206.81
C Distribution system .....	242,997.00
E-220 Substation equipment:	
A Transmission system .....	427,514.58
B Transformation and storage .....	353,699.31
C Distribution system .....	254,673.39
E-221 Miscellaneous equipment:	
C Distribution system .....	78,206.91
E-223 Line transformers and devices .....	411,814.34
E-224 Electric services .....	183,626.77
E-225 Electric meters .....	587,403.37
<i>Utilization Capital—</i>	
E-226 Municipal street lighting system (electric) .....	366,551.34
E-227 Commercial lamps and lamp equipment .....	48,328.45
E-228 Electric motors and heaters .....	1,015.42
<i>General Capital—</i>	
E-231 General structures .....	108,268.05
E-232 General equipment .....	55,559.45
<i>Miscellaneous—</i>	
E-235 Undistributed construction expenditures:	
B Law expenses during construction .....	126,704.00
E Miscellaneous construction expenditures .....	29,331.36
E-236 Interest during construction .....	25,899.33
Total .....	\$15,614,152.66

## SALEM GAS UTILITY

<i>Intangible Capital—</i>	
G-201 Organization .....	\$ 2,793.00
<i>Landed Capital—</i>	
G-206 Land devoted to gas operation .....	9,846.00
<i>Structures—</i>	
G-207 Gas plant and station structures .....	7,910.00
G-208 Holders .....	19,584.00

<i>Production Equipment—</i>	
G-210 Furnaces, boilers and accessories .....	554.00
G-211 Steam engines .....	52.00
G-212 Gas engines .....	515.00
G-214 Benches and retorts .....	9,210.69
G-216 Purification apparatus .....	6,309.00
G-217 Accessory equipment at works .....	9,413.81
<i>Transmission Equipment—</i>	
G-221 Boosting apparatus and regulators .....	618.00
<i>Distribution Equipment—</i>	
G-223 Distribution mains .....	66,896.65
G-224 Gas services .....	18,340.28
G-225 Gas meters .....	11,839.77
<i>Utilisation Equipment—</i>	
G-230 Commercial arc lamps .....	1,833.00
<i>General—</i>	
G-233 General equipment:	
A General office equipment .....	1,102.00
B General shop equipment .....	35.00
G-234 Undistributed construction expenditures:	
B Law expenditures during construction .....	1,396.00
E Miscellaneous construction expenses .....	279.00
G-235 Interest during construction .....	279.00
Total .....	\$ 168,806.20

## NONUTILITY PROPERTY

Direct waterpower land .....	\$ 2,236,672.06
Direct waterpower structures .....	414,478.09
Park and resort land .....	260,919.00
Park and resort buildings .....	205,778.76
Vacant land .....	2,108,021.71
Productive land .....	477,013.43
Buildings on productive land .....	222,644.62
Miscellaneous .....	287,878.55
Total .....	\$ 6,214,406.07

## RECAPITULATION

<i>Railway Divisions:</i>	
Portland Street Railway .....	\$15,633,832.12
Oregon Water Power Railway .....	6,377,812.16
Mt. Hood Railway .....	1,366,017.98
Total railway .....	\$23,377,662.26
<i>Electric Utility Divisions:</i>	
Portland .....	\$14,201,752.08
Willamette Valley .....	912,810.30
Vancouver .....	499,590.28
Total electric utility .....	\$15,614,152.66
Salem gas utility .....	168,806.20
Total utility property .....	\$9,160,621.12
Total nonutility property .....	6,214,406.07
Grand total .....	\$45,375,027.19

## REPRODUCTION COST LESS DEPRECIATION

The amount of money which would be required to reproduce the properties of the respondent has already been estimated and stated. Following the invariable practice of the Commission, in order to complete the reproduction cost estimate and make it conform to actual conditions, an estimate has been made

of the diminution in reproduction cost new which is fairly to be taken into consideration as a deduction. The reproduction cost new estimate speaks of the property as of the condition in which it was originally put into public service—in the present case, almost entirely consisting of new units. But the plant under consideration does not now consist of new units, and by reason of past use, present age, actual obsolescence or inadequacy, the future life and usefulness of many units of the property is impaired and lessened as compared with units of the kind contemplated in the reproduction cost new estimate. This lessening of life and usefulness may, for present purposes, be termed accrued depreciation. The proportion of reproduction cost new which should be deducted so that actual, rather than ideal conditions may be shown, has been estimated; and the result, after the deduction, is shown below as reproduction cost less depreciation. A further observation is necessary for precision: The depreciation which has been deducted is that which the Commission finds exists, in point of fact; and in the determination of such fact, in each case the actual physical condition of the unit, its present service condition, its probable expectancy of future life, and type as to adequacy for furnishing service economically, and the salvage which may be expected therefrom, have been considered. Where the record permitted, all of such items were considered and given such weight as seemed proper; where the record was silent as to some of such matters, the remainder were considered.

The original study of depreciation accrued upon the properties under examination was made with respect to the condition of such properties on December 31, 1912. Since that time, there have been large additions of property, entirely new, while there have been constant replacements and renewals of portions of the system of the respondent which existed December 31, 1912. Manifestly as to the additions between the beginning of the calendar year 1913, and the end of the fiscal year of 1914-1915, the accrued depreciation would not be great. The older portion of the system was so well seasoned and balanced by age that reasonably it could be expected that the condition per cent obtaining as of December 31, 1912, would be maintained by replacements offsetting further accruing depreciation of particular parts, and that as to the older depreciable portions of the plant, the condition per cent might be taken as fairly constant. A similar constancy in prices over the period under discussion, is apparent. These facts have been recognized in making the findings of reproduction cost less depreciation of the respondent's system as of June 30, 1915.

The statements of reproduction cost less depreciation follow, in the same order as the reproduction cost new statements. The same qualifications as to the property under examination, etc., will apply as in the case of the reproduction cost new statements, and need not be repeated.

In estimating the accrued depreciation, such proportion of the total items of overhead cost as would necessarily be gone simultaneously with the physical properties to which they relate, has been ascertained and has been deducted.



	Portland Street Railway Division	Oregon Water Power Railway Division	Mount Hood Railway Division
<b>Way and Structures—</b>			
501 Engineering and superintendence.....	\$ 780.20	\$ 1,045,556.73	\$ 179,370.11
502 Right of way.....	153,949.96	1,243,681.35	22,919.12
503 Other land used in electric railway operations.....	1,389,536.35	735,681.67	430,279.94
504 Grading.....	316,581.86	91,670.94	16,520.00
505 Ballast.....	171,643.88	52,604.64	39,136.10
506 Ties.....	221,123.77	321,194.38	150,363.10
507 Rails, rail fastenings, and joints.....	992,221.58	42,093.63	13,708.05
508 Special work.....	474,396.01	86,440.80	37,272.87
510 Track and roadway labor.....	1,688,098.01	50,688.86	1,327.92
511 Paving.....	6,267.19	2,637.00	143.00
512 Roadway machinery and tools.....	191,558.00	104,945.04	66,519.27
513 Bridges, trestles and culverts.....	3,295.37	28,945.61	15,582.96
516 Crossings, fences and signs.....	12,607.21	13,258.66	6,177.31
517 Signals and interlocking apparatus.....	10,887.82	6,177.31	1,873.51
518 Telephone and telegraph lines.....	47,359.01	17,269.16	13,173.35
519 Poles and fixtures.....	6,236.00		
520 Underground conduits.....	419,525.35	205,673.21	80,042.99
521 Distribution system.....	47,667.80	17,976.87	1,057.47
522 General office buildings.....	820,380.95	160,647.61	16,205.00
523 Shops and car houses.....	6,253.71	70,661.86	21,590.38
524 Stations, miscellaneous buildings and structures.....	27,093.00	31,153.00	4,832.00
525 Wharves and docks.....			
<b>Equipment—</b>			
530-533 Passenger and combination cars and their electric equipment.....	2,466,207.62	262,628.82	43,942.98
531-533 Freight, express and mail cars and their electric equipment.....	8,689.54	238,292.98	40,482.63
532-533 Service equipment and its electric equipment.....	63,763.45	22,391.98	2,451.00
534 Locomotives.....		38,571.00	12,007.00
535 Floating equipment.....	30,278.00		
536 Shop equipment.....	92,018.88	9,911.19	3,310.78
537 Furniture.....	26,038.99	9,701.57	1,306.29
538 Miscellaneous equipment.....	20,140.42	9,044.31	663.97
<b>Power—</b>			
539 Power plant buildings.....	412,516.78	49,958.77	9,040.16
540 Substation buildings.....	98,279.94	54,652.10	1,389.25
541 Dams, canals and pipe lines.....	1,114,616.19	134,987.99	24,426.40
542 Power plant equipment.....	560,403.18	79,875.90	12,381.06
543 Substation equipment.....	533,419.94	193,325.79	17,451.07
544 Transmission system.....	198,532.31	24,043.71	4,350.77
<b>General and Miscellaneous—</b>			
546 Law expenditures.....	126,864.00	51,754.00	11,085.00
547 Interest during construction.....	25,506.23	10,377.71	2,367.40
550 Miscellaneous.....	279,102.98	113,859.24	24,387.04
<b>Totals</b> .....	\$13,496,866.06	\$ 5,682,236.39	\$ 1,322,358.83

## ELECTRIC RAILWAYS—SUMMARY

<i>Way and Structures—</i>	
501 Engineering and superintendence.....	\$ 780.20
502 Right of way .....	1,878,876.80
503 Other land used in electric railway operations.....	2,656,136.82
504 Grading .....	1,541,543.49
505 Ballast .....	278,743.82
506 Ties .....	312,864.51
507 Rails, rail fastenings, and joints.....	1,464,379.06
508 Special work .....	530,197.69
510 Track and roadway labor.....	507,839.23
511 Paving .....	1,740,114.79
512 Roadway machinery and tools.....	9,047.19
515 Bridges, trestles and culverts.....	353,022.31
516 Crossings, fences and signs .....	47,823.94
517 Signals and interlocking apparatus.....	25,765.87
518 Telephone and telegraph lines.....	18,938.64
519 Poles and fixtures .....	77,801.52
520 Underground conduits .....	6,236.00
521 Distribution system .....	705,241.55
522 General office buildings .....	66,702.14
523 Shops and carhouses .....	997,233.56
524 Stations, miscellaneous buildings and structures.....	98,505.95
525 Wharves and docks .....	62,878.00
<i>Equipment—</i>	
530-533 Passenger and combination cars and their electric equip- ment .....	2,772,419.42
531-533 Freight, express and mail cars and their electric equipment..	287,465.05
532-533 Service equipment and its electric equipment.....	88,606.43
534 Locomotives .....	100,578.00
535 Floating equipment .....	30,278.00
536 Shop equipment .....	106,240.85
537 Furniture .....	36,046.85
538 Miscellaneous equipment .....	29,848.70
<i>Power—</i>	
539 Power plant buildings .....	471,515.71
540 Substation buildings .....	154,321.29
541 Dams, canals and pipe lines.....	1,274,029.58
542 Power plant equipment .....	652,560.13
543 Substation equipment .....	744,196.80
544 Transmission system .....	226,926.79
<i>General and Miscellaneous—</i>	
546 Law expenditures .....	189,703.00
547 Interest during construction .....	38,241.34
550 Miscellaneous .....	417,349.26
<b>Total .....</b>	<b>\$20,501,360.28</b>

	Portland Division	Willamette Valley Division	Vancouver Division
<i>Intangible Capital—</i>			
E-201 Organization.....	\$ 230,486.00	\$ 14,814.00	\$ 8,108.00
E-204 Other intangible capital.....	4.88	.29	.17
<i>Landed Capital—</i>			
E-206 A Land occupied by hydraulic generating stations, riparian land and water rights.....	1,849,847.83	110,374.16	64,841.22
B Land occupied by steam generating stations.....	226,636.27	13,522.62	7,944.10
C Land devoted to transmission and transformation operations.....	118,642.46	7,078.99	4,158.68
D Land devoted to distribution operations.....	249,431.62	4,168.40	9,953.00
E Other land devoted to electric operations.....	110,063.14	5,184.98	6,875.00
<i>Production Capital—</i>			
E-207 Dams, water conduits and penstocks.....	2,750,755.32	164,138.26	96,419.99
E-208 Power plant buildings.....	1,018,048.78	60,743.52	36,684.84
E-209 Turbines and water wheels.....	238,036.41	14,202.83	8,343.70
E-210 Furnaces, boilers and accessories.....	364,988.60	21,777.63	12,793.65
E-211 Steam engines.....	512,972.18	30,666.98	18,015.85
E-212 Electric generators.....	150,643.81	8,961.99	5,264.88
E-213 Accessory electric power equipment.....	116,819.01	6,910.53	4,069.71
E-214 Miscellaneous production equipment.....			
<i>Transmission, Transformation, Storage and Distribution Capital—</i>			
E-216 Poles and fixtures.....	162,232.58	14,441.31	10,271.70
A Transmission system.....	472,473.14	42,474.99	19,179.33
C Distribution system.....			
E-217 Overhead system.....	332,291.32	23,752.10	23,590.43
A Transmission system.....	740,478.94	64,919.43	28,291.85
C Distribution system.....			
E-218 Underground conduits.....	59,512.48	3,550.91	2,086.04
A Transmission system.....	724,476.07		
C Distribution system.....			
E-219 Substation buildings and general structures:			
A Transmission system.....	43,834.65	2,615.46	1,536.50
B Transformation and storage.....	1,206.81		
C Distribution system.....	218,337.00	4,887.00	1,686.00
E-220 Substation equipment:			
A Transmission system.....	349,743.16	20,618.40	12,112.64
B Transformation and storage.....	307,465.59	32.97	48.75
C Distribution system.....	168,299.34	36,119.55	10,749.50

E-321 Miscellaneous equipment:				
E-322 C Distribution system	53,862.91	2,302.00	685.00	
E-323 Line transformers and devices	266,169.41	42,141.91	13,799.02	
E-324 Electric services	136,664.11	15,603.76	5,317.90	
E-325 Electric meters	422,482.09	42,739.73	18,917.55	
<i>Utilization Capital—</i>				
E-326 Municipal street lighting system (electric)	294,998.10	12,558.61	6,603.63	
E-327 Commercial lamps and lamp equipment	37,507.34	390.21	834.00	
E-328 Electric motors and heaters		1,016.42		
<i>General Capital—</i>				
E-331 General structures	96,051.49	5,252.26	4,333.41	
E-332 General equipment	42,269.77	4,396.24	1,665.27	
<i>Miscellaneous—</i>				
E-235 Undistributed construction expenditures:				
E Law expenses during construction	115,243.00	7,407.00	4,054.00	
E Miscellaneous construction expenditures	23,162.30	4,744.88	1,424.18	
E-236 Interest during construction	23,686.15	1,501.53	812.65	
<b>Totals</b>	<b>\$13,024,901.96</b>	<b>\$ 816,048.85</b>	<b>\$ 450,362.14</b>	

## ELECTRIC UTILITY—SUMMARY

<i>Intangible Capital—</i>	
E-201 Organization .....	\$ 353,408.00
E-204 Other tangible capital .....	5.34
<i>Landed Capital—</i>	
E-206 A Land occupied by hydraulic generating stations, riparian land and water rights .....	2,025,063.21
B Land occupied by steam generating stations .....	248,102.99
C Land devoted to transmission and transformation operations .....	129,880.18
D Land devoted to distribution operations .....	263,751.02
E Other land devoted to electric operations .....	122,123.12
<i>Production Capital—</i>	
E-207 Dams, water conduits and penstocks .....	3,011,303.57
E-208 Power plant buildings .....	1,114,477.14
E-209 Turbines and waterwheels .....	260,582.94
E-210 Furnaces, boilers and accessories .....	399,559.88
E-211 Steam engines .....	{ 562,655.01
E-212 Electric generators .....	
E-213 Accessory electric power equipment .....	164,870.68
E-214 Miscellaneous production equipment .....	126,789.25
<i>Transmission, Transformation, Storage and Distribution Capital—</i>	
E-216 Poles and fixtures:	
A Transmission system .....	186,945.59
C Distribution system .....	534,127.46
E-217 Overhead system:	
A Transmission system .....	379,633.85
C Distribution system .....	833,690.22
E-218 Underground conduits:	
A Transmission system .....	65,149.43
C Distribution system .....	724,415.07
E-219 Substation buildings and general structures:	
A Transmission system .....	47,986.61
B Transformation and storage .....	1,206.81
C Distribution system .....	224,910.00
E-220 Substation equipment:	
A Transmission system .....	382,474.20
B Transformation and storage .....	307,577.81
C Distribution system .....	210,168.37
E-221 Miscellaneous equipment:	
C Distribution system .....	56,849.91
E-223 Line transformers and devices .....	322,110.34
E-224 Electric services .....	157,585.77
E-225 Electric meters .....	484,039.37
<i>Utilization Capital—</i>	
E-226 Municipal street lighting system (electric) .....	314,160.34
E-227 Commercial lamps and lamp equipment .....	38,731.45
E-228 Electric motors and heaters .....	1,015.42
<i>General Capital—</i>	
E-231 General structures .....	106,137.16
E-232 General equipment .....	48,331.28
<i>Miscellaneous—</i>	
E-235 Undistributed construction expenditures:	
B Law expenses during construction .....	126,704.00
E Miscellaneous construction expenditures .....	29,331.36
E-236 Interest during construction .....	25,899.23
Total .....	\$14,291,812.95

## SALEM GAS UTILITY

<i>Intangible Capital—</i>	
G-201 Organization .....	2,793.00
<i>Landed Capital—</i>	
G-206 Land devoted to gas operations .....	9,846.00
<i>Structures—</i>	
G-207 Gas plant and station structures .....	6,724.00
G-208 Holders .....	17,234.00

*Production Equipment—*

G-210	Furnaces, boilers and accessories.....	488.00
G-211	Steam engines .....	48.00
G-212	Gas engines .....	453.00
G-214	Benches and retorts .....	8,118.69
G-216	Purification apparatus .....	5,552.00
G-217	Accessory equipment at works .....	8,325.81

*Transmission Equipment—*

G-221	Boosting apparatus and regulators.....	544.00
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*Distribution Equipment—*

G-223	Distribution mains .....	56,962.65
G-224	Gas services .....	15,376.28
G-225	Gas meters .....	10,111.77

*Utilization Equipment—*

G-230	Commercial arc lamps .....	1,275.00
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*General—*

G-233	General equipment:	
	A General office equipment .....	878.00
	B General shop equipment .....	35.00
G-234	Undistributed construction expenditures:	
	B Law expenditures during construction.....	1,396.00
	E Miscellaneous construction expenses .....	279.00
G-235	Interest during construction .....	279.00

Total .....\$ 146,717.20

## NONUTILITY PROPERTY

	Direct waterpower land .....	\$ 2,236,672.00
	Direct waterpower structures .....	379,894.00
	Park and resort land .....	240,919.00
	Park and resort buildings .....	158,294.76
	Vacant land .....	2,070,830.71
	Productive land .....	477,013.43
	Buildings on productive land .....	147,530.62
	Miscellaneous .....	152,788.55

Total .....\$ 5,883,943.07

## RECAPITULATION

*Railway Divisions—*

Portland Street Railway .....	\$13,496,866.06
Oregon Water Power Railway .....	5,682,235.39
Mount Hood Railway .....	1,322,258.83

Total railway .....\$20,501,360.28

*Electric Utility Division—*

Portland .....	\$13,024,901.96
Willamette Valley .....	816,048.85
Vancouver .....	450,862.14

Total electric utility .....\$14,291,812.95

Salem Gas Utility ..... 146,717.20

Total utility property ..... 34,939,890.43

Non-Utility Property ..... 5,883,943.07

Grand total .....\$40,823,833.50

## WORKING CAPITAL

In addition to the properties embraced in the reproduction cost estimates, the respondent will reasonably require a certain amount of working capital, either cash or its equivalent, or credit, additional to stores and supplies on hand, which must be kept available for purposes of operation including maintenance.

An estimate has been made as to the amount of working capital required for such purposes. A working capital estimate would not be required in a case

where it was shown the utility did not possess, either in cash or credit, the funds necessary for the purposes mentioned; but that contingency does not arise in the present case.

The amount of working capital necessary must perforce vary with the character of the utility business performed, market and labor conditions, the availability of current working assets, the habits of the community with respect to prepayment of bills, etc. In the present estimate consideration has been given to the difference between the average current working assets and liabilities of respondent over a period of years, the average amount of material and supplies carried on hand, the average amount of monthly operating expenses and the amount and character of the physical property of the respondent which requires operation and maintenance. The Commission is not now concerned with the question of working capital for the nonutility operations of the respondent.

It will be seen that the matters which have been enumerated take into account the actual cash on hand, the accounts and notes receivable, the material and supplies kept on hand, prepayments for taxes and insurance; and opposed to these items, consumers' deposits, outstanding tickets, advance collections, notes and accounts payable (including the current payroll); and gives general consideration to the necessary operating expenses. It is manifest that the same proportion of money will not be necessary in the case of the street railway and interurban railway lines, where payments of fare and other transportation charges are customarily made at the time service is rendered, as in the case of the electric light and power and gas utility operations, where the service, being metered, is customarily not paid until some time after it is performed.

After consideration of all such matters it is found that the normal amount of stores and supplies, and of cash or credit available as working capital, is as follows:

#### ESTIMATE OF WORKING CAPITAL AND MATERIAL AND SUPPLIES

	Material and Supplies	Other Working Capital	Total
Railway system (urban and interurban).....	\$350,000.00	\$200,000.00	\$ 550,000.00
Light and power system.....	350,000.00	200,000.00	550,000.00
Gas system .....	2,000.00	8,000.00	10,000.00
Total .....	\$702,000.00	\$408,000.00	\$1,110,000.00

#### GOING COST

For the purpose of showing the intangible value of the well established business of respondent, over and above the items making the complete and operating plant, elaborate computations have been submitted by the respondent. This item may be termed the going value. It is not to be confused with good will, in the ordinary sense of that term—for as to a monopoly, actual or virtual, such as the respondent, good will is not a factor which can be recognized by a rate-making body. Nor is going value to be confused with franchise value, although the right of the concerned to "go" depends upon the existence of a franchise.

The calculation presented by the respondent upon the hearing (its exhibit 18) is based upon an often urged theory, supported by a showing circumstantial in its wealth of detail. It purports to cover the accounts of the respondent and its allied and constituent companies from 1887 to the end of the calendar year 1912. The statement presented covered a period of about twenty-six years, during which time the street railway property passed through the horse-car period, followed by a change to cable equipment, and later by a reconstruction into a modern electric system. Similarly the electric light and power properties have been affected by rapid changes in the electric art.

It is claimed by the respondent that the statement presented showed the normal investment in physical property devoted each year to the service of the

public, from which were excluded all charges which were abnormal or represented expenditures for other than physical property; appreciation in values was likewise not taken into account by the respondent in its determination of normal investment in physical property. Cost of financing was laid aside as not consistent with the theory upon which the computation was based, and an attempt was made to segregate and exclude investment in nonutility operating properties. With the adjustment above referred to, the respondent determined the net cost of the property for each year of the period embraced, and added thereto fourteen per cent to cover overhead charges. The corrected cost of the property thus arrived at was further adjusted to show the total amount of investment on which a return was claimed. Additions and betterments to the property for each year were shown at cost, and computations were presented showing the operating accounts and annual profit and loss. Then there was computed the average investment of the company for each year, arrived at by accepting the mean of the investment at the beginning and end of the year, adding thereto five per cent to cover working capital, and deducting therefrom the average investment in the plant for the year.

A statement of the income and profit and loss accounts of the utility from 1887 to 1912 was produced. This set out the operating revenue and expense pertaining to the utility transactions and the additional income from outside or nonutility transactions, and the deductions from gross income, and from these the net income was deduced. Then the earnings and operating expenses of the nonutility transactions were deducted from the additional income and from deductions from gross income respectively, and with net earnings from these several sources were added to the profits of the utility services. Other adjustments were made, which included a charging to the construction account of certain expenses which earlier companies had charged to operation, and the deduction from net income of other sums erroneously charged to operating expenses in the accounts of the constituent companies, such as overhead charges on construction work, bond discount and bond expense.

The accrued depreciation upon the property was then reckoned at the amount which had been shown in the reproduction cost estimate submitted by the respondent. In other words, the total difference between the reproduction cost new and reproduction cost less depreciation, as shown in the engineering estimates submitted by respondent was taken as being an accrued impairment of the investment. This sum was spread in a uniform percentage over the entire period, and adjustments made so that sums which had been set aside for depreciation in operating expense were deducted from operating expenses set out in the statement and then the fixed percentage depreciation charge was applied based upon the amount of appreciable property for the year.

From the data so produced the following items were computed: Average investment in the plant for the year; corrected operating profit after allowing for depreciation; the amount which would be required to yield an eight per cent return upon an average investment for the year; the surplus or deficit in the operation on the basis of an eight per cent return; the accumulated deficit at the close of the year; interest at six per cent on the deficit to the close of the year, and the yearly deficit including interest. The theory thus outlined is a familiar one in its general details. Based thereon, the utility claimed that the amount by which the earnings had failed to equal the return to which it is asserted the property was entitled aggregated, up to December 31, 1912, \$5,288,694.01; that accumulated interest on such deficits at six per cent was \$4,674,031.94; and that the aggregated deficiency in the earnings shows a loss in the return on the investment of \$9,962,725.95.

A supplemental statement, following the same general theory, but embodying certain corrections in the facts, reduced these amounts to \$4,033,123.70 of deficits, and \$3,456,322.58, of interest accumulations, respectively, and an aggregate of \$7,489,446.28, was filed with the Commission subsequent to the submission.

The Commission must reject this somewhat familiar theory, upon fundamental grounds. The underlying theory on which the going cost was worked out by the expert who testified for the respondent, was stated by him as follows:

"A public service corporation is entitled both by common law and by statute to a reasonable return on the fair value of its property. Where a given rate



schedule yields more than a reasonable return it is an injustice to the public and the rates should be reduced. If the rates fail to produce sufficient profits the investor is not receiving that return to which he is entitled. If he has received a sufficient return on his investment each year from the beginning of the enterprise, justice would seem to be satisfied, at least as against the public, without allowing any increase in the value of the property which produced that income to represent going value. If the investor has failed to receive each year that amount which constitutes a reasonable return, he should be permitted to charge rates sufficiently high to reimburse him for early losses sustained while standing by the investment during the development period, or such losses should be considered as costs of developing the business and their addition to the value of the physical property permitted. Such additions, from an equitable standpoint at least, may be considered to constitute the reasonable going cost of a public service corporation."

This is true only in part. A public service corporation is not entitled either at common law or by statute to any return if a return can be had only by the exaction of rates which are in and of themselves unjust, unreasonable or unjustly discriminatory. Before the theory presented can be adopted as economically, logically or ethically sound, the following facts should be made to appear in connection with the data submitted:

(a) That the rates charged were in and of themselves not unreasonably high. If the rates charged were unreasonably high, and were so maintained by the voluntary action of the utility in question, the utility has defeated its own ends, and has not procured for itself the maximum gross revenue obtainable.

(b) That the rates charged were in fact fully compensatory. If, through desire to meet competition, through favoritism, incompetency or for other cause the utility has failed to charge such rates as it might have demanded, not in and of themselves in excess of the value of the service, then the failure to obtain a return is a voluntary act of the corporation. It appears from the record in the present case that competition did exist between various of the constituent utility corporations, predecessors to the present respondent, and exists at the present time.

(c) That the rates charged, while in fact reasonable, were also not unjustly discriminatory as between persons and places or localities. The effect of the imposition of unjustly discriminatory rates must be to deprive the utility of the fullest benefit flowing from the operation of its plant. The record is silent upon this point.

(d) That the investments made and represented in the property account were incurred with reasonable prudence and foresight.

(e) That the properties have been operated at all times with reasonable skill and efficiency. It is no reflection upon the skilful and efficient management of the present utility that the history of some of its early predecessors was such that several receiverships, extending over a series of years, intervened as to various portions of the utility properties involved. Those conditions do not reflect normal costs.

(f) That the accounts submitted are full, complete and accurate; that they relate to utility operations only, and that all proper offsets have been made. The facts being peculiarly within the knowledge of the utility, which by law is charged with the duty of cooperation in the investigation, the evidence adduced should be clear and susceptible of verification. It is evident that further corrections are necessary, the burden of making which should be borne by the respondent.

(g) The return claimed should be upon the efficient investment. If money is had upon more advantageous terms than by the investment of the whole amount by the stockholders, as by the issuance of bonds bearing a lesser rate of return than that claimed for the stockholder's interest, such fact should be taken into consideration, but is not reflected in the claim of respondent.

(h) The period covered should be a normal period for development.

(i) The purpose of the statement, under the theory outlined, is to ascertain the sacrifice of the investor. The sacrifice should therefore be that of the present investor, either directly or by a privy in interest, as an incident to which the present investor shall have compensated the prior owner who may have

forborne a fair return. The amount claimed should also appear to have been sacrificed—that is, not recouped through donations or bonuses, or out of subsequent earnings.

Discussion of the facts presented by the expert who testified for the respondent would be profitless, in the light of the rejection by the Commission of his underlying theory. It is sufficient to state that owing to the method employed, certain assumptions in the facts which the record might warrant being employed would so alter the result derived that the deficit claimed would be turned into an actual surplus. This merely indicates to the Commission the general inconclusiveness of such type of calculation. A painstaking investigation by the Commission shows that in the present case further corrections of the data must be made before an accurate computation can be made.

The cost calculations presented extend over a period of twenty-six years, in which the operations of about sixty distinct corporations and persons are involved. There were a number of receiverships and judicial sales of various items of property. We are much impressed with the suggestion that a present utility is not entitled to go behind its own ownership and claim that shortages of return of earlier and distinct entities should receive equitable consideration before a commission.

Clearly only the normal cost of developing the business of the utility to its present stage can in any event receive consideration. The record presented shows a somewhat abnormal condition. The extent to which unnecessary competition, undue duplication of facilities, financial or operating conditions which resulted in the bankruptcy of several of the early companies have affected the calculation presented can not be definitely ascertained from the data at hand, although it is apparent that such conditions have reflected themselves in the totals. It is questionable to what extent present users should compensate the respondent for losses which may have been incurred by its predecessors practically a generation before, even if due to the progress of the art.

Further, the theory on which depreciation is taken into account is regarded as faulty. The necessary depreciation annuity was computed annually on a straight line basis, which is equivalent to a repayment of capital to the investor in an amount equal to the annuity payments made. The calculations submitted do not give credit for such repayments as opposed to the plant investment. The exhibit is built up without reduction of the plant investments by the successive depreciation annuity repayments—or exactly as if the depreciation annuity were being computed upon a sinking fund basis. But in that event, of course, a lesser amount of annuity would have been required than when the straight line method was employed, and the amounts of the annual and cumulative deficits and interest on such deficits claimed should have been correspondingly reduced. The total amount of depreciation of investment claimed represents, not a proportion of investment which has been wasted, but a gross sum estimated on the basis of the proportionate cost of reproduction new which has been wasted. The reproduction new estimate very considerably exceeds the amount shown for plant investment. Had a percentage of investment been used which is represented by the shrinkage in the reproduction cost estimate, expressed in condition per cent so that the wasted portion of investment instead of wasted reproduction cost new would have appeared, the total amount necessary for the depreciation as a whole and for the annual annuity would have been considerably decreased, and the total deficit and interest on deficit claims would necessarily have been considerably diminished.

It has not yet been finally determined whether appreciation in the value of land and other properties, not due to the expenditure of capital or effort by the utility, should not be taken as offsetting the deficit in returns, although the New York rule is to the contrary. See *People ex rel. Kings County Lighting Co. v. Wilcox*, 210 N. Y. 479, 104 N. E. 911, 51 L. R. A. (N. S.) 1.

It seems clear that if it were understood by investors that in rate making cases the state by the adoption of such a theory would practically underwrite and guarantee the investment with cumulative interest on deferred interest payments, a much less rate of return than eight per cent would be expected. A lessening of the rate of return would greatly affect the final claim. During a portion of the time covered by the statement the legal rate of interest on moneys due on contract, where no rate was provided was eight per cent and for the remainder of the period six per cent.

It is further to be observed that accumulated deficits do not in any sense constitute a commercial asset or thing having a market value if the property as a system will not equal the value of the physical units considered separately and as disassociated from their operation in public service.

Nor can the Commission agree that past deficits are a proper addition to a reproduction cost new or a reproduction less depreciation estimate. This seems to involve a confusion of the historical and reproduction theories of valuation. It may be proper that past deficits shall be considered in the connection with past investments or costs. But upon a reproduction cost estimate, it is not reasonable to assume that the costs of building up the business, if the property were presently to be reconstructed, would follow the same remarkable history of the present utility and its predecessors, or that a present day public would have to be educated to the use of streetcars, for instance, by being gradually introduced, first to horse cars, then after a series of years, to cable cars, and finally to a trolley system. No estimate of the cost of reproducing the business of the respondent utility either as a whole or as to particular portions thereof or classes of services, has been submitted.

Other matters readily suggest themselves. The statement is as to the business as a whole. This investigation has particularly to do with the electric light and power rates and as to certain of the interurban passenger fares. It would be manifestly unjust to consider any deficits in the return upon the streetcar operations of the respondent or its interurban railway or gas properties operations, in fixing electric light and power rates or vice versa. It also appears that the statement embraces the results of operation of utility services not now being performed by the respondent. Certain minor real estate speculations of earlier companies have been included, and certain subsidies not included. These should be taken into account in further consideration of this element of value.

The Commission will, therefore, at the present time make no finding as to the cost of developing the business of the respondent utility, or any portion thereof, other than to indicate the inclusiveness of the testimony already produced upon this subject. Upon the final rate hearing, the utility will be permitted, if so advised, to introduce evidence with respect to the actual cost of development or of reproduction of the electric light and power business or the interurban traffic involved, and such testimony will be received for what it may be worth. The same privilege will necessarily apply as to other classes of utility service of the respondent when the reasonableness of the rates charged therefor may be put in issue before the Commission.

There is no disposition on the part of the Commission to deny that the business of the respondent is in fact a going concern, with an established commercial value on that account, which may exceed the bare bones of the plant; but the showing made by the respondent does not warrant any finding which would permit the Commission to assign the weight to such fact which its existence no doubt warrants. See *People ex rel. King's County Lighting Co. v. Willcox*, *supra*.

#### FRANCHISES

The utility presents for consideration a claim for the value of its franchises to occupy the public ways, etc., over and above the cost of their acquisition. It is claimed that these franchises have been the subject of legitimate investment on the part of the present stockholders, and should therefore receive full consideration and valuation, although the theory on which they are to be valued is not clear.

It is sufficient to say that under the weight of authority no allowance for franchise value, over and above the necessary and legitimate cost of acquisition, is to be made in a rate case, whatever may be the rule in condemnation, public acquisition and other classes of cases. The estimates of original cost, and the reproduction cost estimates made in this report both cover such charges against the utility (or its predecessor constituents) as would normally and properly find their way into the books of account as capital charges under the recognized systems of accounting, and no further or separate allowance for franchise value is therefore made. See *Public Service Gas Co. v. Board of Utility Commissioners*, 92 Atl. 606. The possession of these franchises is necessarily considered in the determination of going value, for otherwise the plant would have no value other than that for which it could be scrapped.

## PART V.—COMMERCIAL VALUE OF RESPONDENT'S SYSTEM

In the determination of the commercial value of the respondent's system, it is first necessary to examine into and state the amount of the outstanding capital stock and of funded and short term indebtedness of the respondent, the purposes for which issued, and the amounts received therefrom; and then to state the value of the capital stocks and securities in the market. Something has already been said as to the commercial value of the property under the discussion of the cost of the property to the present investors, *supra*.

## CAPITAL STOCK

The capital stock of the respondent outstanding on June 30, 1915, is shown in the balance sheet elsewhere set out herein, as consisting of \$25,000,000.00 in par value of common stock. On that day, however, arrangements were under way, partially completed, and since consummated, for the retirement of \$5,000,000.00 of the common stock, and the issuance of an equal amount of preferred stock. The currently outstanding capital stock of the respondent, therefore, consists of \$20,000,000.00 in par value of common stock and \$5,000,000.00 in par value of preferred stock. The details of the conversion appear later herein.

It has already been shown in this report that the Portland Railway Company (the latter corporation of that name) was organized by the Bankers, E. W. Clark & Company and J. & W. Seligman & Co., in October, 1905, for the purpose of taking over the properties of Portland Consolidated Ry. Co.

Later the properties of the Portland General Electric Co. and Oregon Water Power & Ry. Co. were taken over by the respondent Portland Railway, Light & Power Co.

The stock issued by the Portland Railway Co. was as follows:

Preferred stock .....	\$2,500,000.00
Common stock .....	4,000,000.00

Total issued in exchange for preferred and common  
stock of Portland Consolidated Railway Co.....\$6,500,000.00

The respondent Portland Railway, Light & Power Company was then incorporated on June 28, 1906, and under a contract dated June 30, 1906, was to take over all the preferred and common stocks of the Portland Railway, Oregon Water Power and Portland General Electric corporations. At the time of incorporation of respondent, stock was issued for cash and in payment of the stock of the three companies mentioned to the amount of \$15,000,000.00, of which \$5,000,000.00 was preferred and \$10,000,000.00 was common stock. The stock was issued for the following purposes:

*Preferred Stock—*

Exchanged for Portland Railway Company (latter corporation of that name) preferred stock .....	\$ 2,500,000.00
Part payment on property of Portland General Electric Company .....	650,000.00
Cash paid by stockholders.....	1,850,000.00

*Common Stock—*

Exchange of new stock for the \$4,000,000.00 common of the Portland Railway Co. This was exchanged on the basis of \$157.50 per share valuation upon the Portland Railway Company stock and a payment of \$32.50 per share thereon. It resulted in the issuance of \$7,600,000.00 par value of the new stock, which is more definitely explained by the following details:

Par value of Portland Railway Company common stock .....	\$4,000,000.00
Cash paid by stockholders at \$32.50 per share.....	1,300,000.00
Excess of par value of new stock issued over the amount of cash paid, and the total par value of Portland Railway Company stock received in exchange .....	2,300,000.00
Part payment on property of Portland General Electric Company..	\$ 7,600,000.00
Common stock issued as a bonus for the sale of \$1,850,000.00 preferred stock .....	600,000.00
Issued for compensation to syndicate for services.....	740,000.00
	1,060,000.00
	<b>\$10,000,000.00</b>

In 1911, the stock was increased to an issue of \$25,000,000.00, all common, and the \$5,000,000.00 preferred stock was redeemed at 105 per cent. The moneys received for the redemption of the preferred stock came from the \$6,250,000.00 received from stockholders, as shown in the statement following:

*New Common Stock Issue—*

This stock was issued under an agreement whereby the stockholders of the old common issue received two and a half shares of new stock, sixty-five per cent paid up, on the surrender of each share of their old stock and the payment of \$62.50 thereon. This amounted to an even exchange in par values. All of this stock was issued, but as shown later there still remains a certain portion unpaid. The particulars of this issue are:

Exchanged for old common stock issue.....	\$10,000,000.00
Cash paid in by stockholders at \$62.50 per share.....	6,250,000.00
Five per cent assessment paid in cash by stockholders..	1,250,000.00
Five per cent assessment paid from dividends.....	1,250,000.00
Amount unpaid at May 31, 1915—twenty-five per cent	6,250,000.00

Total of issue .....\$25,000,000.00

The amount shown as unpaid on common stock is reduced to \$1,250,000.00 by the conversion, mentioned in the following paragraph.

During June, 1915, an arrangement was made whereby \$5,000,000.00 of the \$25,000,000.00 common issue, would be converted into first and second preferred stock, one-half of each. It was contemplated that this preferred stock should be issued upon the payment by the stockholders of \$25.00 per share, which would cause it to be fully paid.

Under this arrangement, payments were received during June and the condition of the preferred stock at June 30, 1915, was as follows:

*First Preferred—*

Total of converted issue .....	\$2,500,000.00
Paid in cash (issued after June 1915).....	524,575.00

Unpaid subscriptions on June 30, 1915.....\$1,975,425.00

*Second Preferred—*

Total of converted issue .....	\$2,500,000.00
Paid in cash (issued after June, 1915).....	524,575.00

Unpaid subscriptions on June 30, 1915.....\$1,975,425.00

The amount of subscriptions shown as unpaid on June 30, 1915, was covered into the treasury of the respondent shortly after the beginning of the current fiscal year.

The detail above presented with reference to the present outstanding issues is thus summarized:

*Common—*

Actual cash paid by stockholders.....	\$10,650,000.00
Less redemption of preferred.....	5,000,000.00
	\$ 5,650,000.00
Payment by stockholders through dividends.....	1,250,000.00
Exchanged for purchase of properties.....	1,250,000.00
Exchanged for purchase of stock.....	8,800,000.00
Issued as a bonus and for services.....	1,800,000.00
Unpaid subscriptions on June 30, 1915.....	1,250,000.00
	<u>\$20,000,000.00</u>

*Preferred—*

Cash paid by stockholders.....	\$ 1,049,150.00
Unpaid subscriptions on June 30, 1915.....	3,950,850.00

Subscribed for prior to June 30, 1915, and actually issued shortly thereafter.....\$ 5,000,000.00

## FUNDED AND SHORT TERM INDEBTEDNESS

The various outstanding bond and note issues of the respondent (including underlying bonds) as shown in the balance sheet of June 30, 1915, are of the following descriptions:

	<i>Par value outstanding</i>
City & Suburban Railway Co., 6%, due 1916.....	\$ 87,000.00
City & Suburban Railway Co., 4%, due 1930.....	1,290,000.00
Portland Railway Co., 5%, due 1930.....	8,523,000.00
Portland General Electric Co., 5%, due 1935.....	8,000,000.00
Portland Railway, Light & Power Co., 5%, due 1942....	17,064,000.00
Portland Railway, Light & Power Co. gold notes, 5%, due 1917 .....	5,000,000.00
<b>Total issued for consideration.....</b>	<b>\$39,964,000.00</b>
Nominally issued as collateral to the 5% gold notes:	
Mount Hood Railway & Power Co., 5%, due 1936.....	5,000,000.00
	<b>\$44,964,000.00</b>

The following statement shows briefly and in a condensed form the purposes for which these bonds and notes were issued or assumed:

Additions and betterments, payment of floating indebtedness, working capital, etc.....	\$16,382,275.00
Redemption of underlying issues which had been assumed as part of cost of original properties.....	4,853,550.00
Underlying issues still outstanding which were assumed as part of cost of original properties.....	5,377,000.00
Proceeds of an issue used to pay in part for Mount Hood Railway & Power Company properties.....	4,900,000.00
Payment to Bankers on properties purchased.....	5,593,170.00
Discount suffered on bond and note sales.....	\$2,858,005.00
<b>Divided as follows:</b>	
Charged to plant account.....	1,926,125.00
Charged to bond discount unamortized.....	931,880.00
	<b>\$39,964,000.00</b>

Collateral to the two year gold notes, the proceeds of which were applied in part to payment of the Mount Hood Railway & Power Company properties .....	5,000,000.00
	<b>\$44,964,000.00</b>

The following is the detail of the transactions above summarized:

<i>Bonds issued for consideration</i>	<i>Par value outstanding</i>
City & Suburban Railway Company consolidated mortgage, 6%, dated Sept. 1, 1891, due Sept. 1, 1916.....	\$ 87,000.00
This is one of the underlying bond issues of the old Portland Consolidated Railway Company.	
City & Suburban Railway Company consolidated mortgage, 4%, dated June 1, 1900, due June 1, 1930.....	1,290,000.00
One of the underlying bond issues of the old Portland Consolidated Railway Company.	
Portland Railway Company first and refunding gold bonds, 5%, dated November 1, 1905, due November 1, 1930.....	8,523,000.00
<b>Issued to cover the following:</b>	
Payment to the Bankers in part for the cost of Portland Consolidated Railway Company—	
Proceeds at 93.5%.....	\$5,593,170.00
Discount .....	388,830.00
	<b>\$5,982,000.00</b>
Exchange for Multnomah Street Ry. bonds at par..	\$ 126,000.00
<b>For additions and betterments, etc.:</b>	
Proceeds at 95.5%.....	\$2,306,325.00
Discount .....	108,675.00
	<b>\$2,415,000.00</b>

Portland General Electric Company first mortgage, 5%, dated July 1, 1905, due July 1, 1935.....	\$ 8,000,000.00
Issued to cover the following:	
Assumed at time of purchase.....	\$4,000,000.00
Additions to property:	
Proceeds at 96.5%.....	\$3,860,000.00
Discount .....	140,000.00
	<u>\$4,000,000.00</u>

Portland Railway Light & Power Company first and refunding sinking fund bonds, 5%, dated February 1, 1912, due February 1, 1942 .....	\$17,064,000.00
Issued to cover the following:	
Exchanged for Willamette Bridge & Railway bonds at par .....	\$ 100,000.00
Additions:	
Proceeds at 87.5% .....	\$ 843,500.00
Discount .....	120,500.00
	<u>\$ 964,000.00</u>
Various as shown below:	
Proceeds at 87.5% .....	\$14,000,000.00
*Discount .....	2,000,000.00
	<u>\$16,000,000.00</u>

Showing purposes for which proceeds of the \$14,000,000.00 were used:

Redemption of \$3,931,000.00 of Oregon Water Power & Ry. Co. 6% gold bonds @ 105%.....	\$ 4,127,550.00
Redemption of \$500,000.00 of Portland City & Oregon Ry. Co. 6% bonds at par.....	500,000.00
Redemption of \$4,273,000.00 Portland Railway, Light & Power Co. 5% collateral notes at par. These had been issued for additions.....	4,273,000.00
Redemption of \$3,000,000.00 of Portland Railway, Light & Power Co. collateral trust bonds at 95%. These had been issued for additions..	2,850,000.00
Balance of proceeds used to pay off floating indebtedness, additions, etc.....	2,249,450.00
	<u>\$14,000,000.00</u>

*Short Term Notes—*

Portland Railway, Light & Power Company, two year gold notes, dated May 1, 1915, due May 1, 1917.....	5,000,000.00
Proceeds used to pay in part for the Mount Hood Railway & Power Company:	
Proceeds @ 98% .....	\$4,900,000.00
Discount .....	100,000.00
	<u>\$5,000,000.00</u>

*Bonds Issued as Collateral—*

Mount Hood Railway & Power Company first mortgage sinking fund gold bonds, 5%, dated December 20, 1936.....	5,000,000.00
Issued merely as collateral security for the two year gold notes	
	<u>\$44,964,000.00</u>

### SINKING FUND AND SPECIAL STIPULATIONS

The mortgage which secures the payment of the first and refunding five per cent sinking fund bonds, due 1942, contains certain conditions which may be mentioned briefly.

1. Amount of Authorization and Purpose of the Issue.—The trust mortgage authorizes the issue of not more than \$75,000,000.00 of these bonds, stipulated to be used as follows:

\*Of this discount \$1,926,125.00 was charged to plant on account of refinancing expenses in connection with this issue. This amount is surcharged in the findings of cost herein made.

Issued for the redemption of certain underlying issues, for additions, etc., as shown elsewhere .....	\$17,064,000.00
To be issued upon the payment and cancellation of an equal amount in par value of underlying bonds as enumerated in the mortgage .....	18,000,000.00
To be issued as required, for additions, etc., and acquisition of new properties, etc., with restrictions as shown in the following paragraph .....	\$3,936,000.00
Amount authorized .....	\$75,000,000.00

2. Net Earnings Affecting the Issuance of Bonds.—The \$39,936,000.00 portion of the issue is affected by a stipulation that "no bonds may be certified by the trustee unless the net earnings of the Portland Railway, Light & Power Company for twelve consecutive months within the fourteen calendar months preceding the application for the certification of bonds have been at least one and one-half times the combined annual interest charge on all bonds issued and outstanding under the mortgage, all underlying bonds and the bonds certification of which is applied for; and in determining such net earnings the Portland Railway, Light & Power Company shall deduct from its gross earnings, for maintenance, renewals and depreciation, an amount which including repairs will equal at least fifteen per cent of the gross earnings of the Portland Railway, Light & Power Company for such period of twelve months."

3. Proposed Issue to Cover Completion of Mount Hood Lines.—The Mount Hood properties (which had not been completed at the time of the creation of this bond issue) were to be conveyed to the Portland Railway, Light & Power Company and subjected to the lien of the new mortgage. Arrangements were consummated wherein an amount not to exceed \$4,000,000.00 should be certified against the actual cash cost of the Mount Hood properties upon the completion of the plant and lines of the Mount Hood Power & Railway Company.

These \$4,000,000.00 of bonds have not been sold because of the decreased earnings of the company, which affect the issuance of additional bonds, in that the earnings of the Portland Railway, Light & Power Company must amount to one and one-half times the interest on the bonds outstanding plus the \$4,000,000.00 to be certified.

4. Sinking Fund Provision.—To provide for payments for and on account of a sinking fund for the retirement of the bonds of this issue the trust deed says that payments must be made "beginning May 1, 1915, and on the first day of May in each year thereafter until and including the first day of May, 1926, in an amount equal to one per cent of the total amount of bonds at the time outstanding (including those held in the sinking fund) and on the first day of May, 1927, and thereafter on the first day of May in each year until the maturity or final payment of all the bonds secured by the mortgage, in an amount equal to one and one-half per cent of the total amount of the bonds of the issue at the time outstanding (including those held in the sinking fund)."

#### COMMERCIAL VALUE OF OUTSTANDING SECURITIES

The values of the company's outstanding securities at the various balance sheet dates are shown on the statements following. The prices applied against the par values represent market quotations from the files of the "Commercial and Financial Chronicle" and actual selling prices of the bonds and notes.

It will be noted that certain of the bonds included among those outstanding on the balance sheet were issued as collateral. These were not priced but have been shown at par value. A summary of the securities, taken from the detail which appears in the sheets following, and arranged by years, is shown below:

Security	Par Value	Market Value
Capital stock:		
April 30, 1908 .....	\$15,000,000.00	\$ 8,100,000.00
June 30, 1908 .....	15,000,000.00	8,100,000.00
June 30, 1909 .....	15,000,000.00	10,675,000.00
June 30, 1910 .....	15,000,000.00	16,700,000.00
June 30, 1911 .....	25,005,000.00	18,505,900.00
June 30, 1912 .....	25,000,000.00	16,875,000.00
June 30, 1913 .....	25,000,000.00	16,625,000.00
June 30, 1914 .....	25,000,000.00	12,750,000.00
June 30, 1915 .....	25,000,000.00	6,250,000.00



<i>Security</i>	<i>Par Value</i>	<i>Market Value</i>
<b>Bonds:</b>		
April 30, 1908 .....	17,531,000.00	16,473,925.00
June 30, 1908 .....	18,239,000.00	17,140,955.00
June 30, 1909 .....	18,437,000.00	18,397,265.00
June 30, 1910 .....	23,312,000.00	22,850,450.00
June 30, 1911 .....	25,521,000.00	24,783,630.00
June 30, 1912 .....	34,000,000.00	32,855,847.00
June 30, 1913 .....	34,000,000.00	32,830,050.00
June 30, 1914 .....	34,964,000.00	33,176,982.00
June 30, 1915 .....	34,964,000.00	31,309,879.00
<b>Short term notes:</b>		
April 30, 1908 .....	1,000,000.00	934,100.00
June 30, 1908 .....	1,250,000.00	1,181,600.00
June 30, 1909 .....	2,077,000.00	1,989,560.00
June 30, 1910 .....	2,624,000.00	2,571,520.00
June 30, 1911 .....	3,823,000.00	3,746,540.00
June 30, 1912 .....	5,000,000.00	4,937,500.00
June 30, 1913 .....	5,000,000.00	4,900,000.00
June 30, 1914 .....	5,000,000.00	4,950,000.00
June 30, 1915 .....	5,000,000.00	4,900,000.00
<b>Total stocks, bonds and notes:</b>		
April 30, 1908 .....	33,531,000.00	25,507,300.00
June 30, 1908 .....	34,489,000.00	26,422,555.00
June 30, 1909 .....	35,514,000.00	31,061,825.00
June 30, 1910 .....	40,936,000.00	42,121,970.00
June 30, 1911 .....	54,349,000.00	41,036,070.00
June 30, 1912 .....	64,000,000.00	54,668,347.00
June 30, 1913 .....	64,000,000.00	54,355,050.00
June 30, 1914 .....	64,964,000.00	50,876,982.00
June 30, 1915 .....	64,964,000.00	42,459,879.00

#### PART VI.—NET EARNING POWER OF RESPONDENT'S SYSTEM

The Railroad Commission Act valuation section previously quoted requires the Commission to ascertain and state "the gross and net revenue from all sources in detail." *Smythe v. Ames, supra*, requires a consideration of "the probable earning capacity of the property under the particular rates prescribed." As this proceeding is one looking up to the establishment of rates, the only purpose of the latter requirement can be to direct attention to the earning capacity of the property under rates which have been charged, for the purpose of throwing light upon the earning capacity of the system under other rates which may be proposed.

A thorough study of this subject has been made, and the results follow. It will be noted that the last few years show a marked falling off in earning capacity. This is shown by the record to be due to the following three causes: (1) General and local depressed business conditions; (2) the advent of competition in the electric lighting and power field, which has taken from the respondent a considerable proportion of its most profitable business without relieving it from much unprofitable traffic, and without correspondingly diminishing fixed and running charges; and (3) the practically uncontrolled destructive competition of jitneys with the Portland city street railway system. While revenue has fallen off, it is evident the effect has been kept to a minimum by rigid economies in other directions. To a very considerable extent the conditions shown for the last three years are abnormal; and the causes for the conditions have apparently reached the climax of their effect.

#### COMPARATIVE GENERAL BALANCE SHEETS

The financial affairs of the respondent, year by year from its commencement of operations as a consolidated utility until the end of the last preceding fiscal year, are clearly set out in the subjoined comparative general balance sheets. The balances shown as of April 30, 1908, reflect conditions as of the time the consolidation of the utility properties and operations made a single general balance sheet possible. Balances shown under other years are as of the end of the fiscal year closing June 30.

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COMPARATIVE GENERAL BALANCE SHEET—ASSET ACCOUNTS

P. S. C. Order. Account No.	April 30 1908	1908	1909	1910	1911	1912	1913	1914	1915
Permanent and Long Term Investments: Railway, Utility, Common and Non-operating property	\$37,353,080.66	\$37,436,546.59	\$38,775,050.15	\$41,641,147.79	\$45,777,176.46	\$56,310,293.99	\$58,434,771.74	\$59,309,624.93	\$59,192,846.15
103 Construction Work in Progress	•	23,246.35	81,825.64	115,480.81	66,238.30	298,804.93	61,699.99	6,965.48	•
105 Property Devoted to Other Operations	•	•	•	•	•	80,726.23	139,771.67	172,705.39	190,575.87
106 Advances to System Utilities for Construction, Equipment and Betterments	•	•	•	•	•	•	•	•	238,491.01
107 Investment Securities	374,726.14	339,726.14	309,855.00	2,940,053.61	5,232,267.25	5,203,465.19	5,286,464.53	5,412,844.09	5,403,742.81
Total	\$37,727,815.80	\$37,799,619.08	\$39,066,268.69	\$45,708,682.21	\$51,066,682.09	\$61,902,257.25	\$63,932,727.93	\$64,901,246.89	\$65,015,566.84
Working Assets: Cash and Deposits:									
(a) Cash	145,004.78	467,041.06	591,602.23	619,944.81	646,663.83	1,357,083.90	417,519.81	407,084.72	865,677.24
(b) Special Deposits	194,510.00	•	•	•	•	•	•	•	236,475.00
109 Due from Consumers and Agents	296,944.36	273,195.12	287,232.73	356,067.17	419,280.56	599,754.93	356,632.04	635,915.55	446,392.82
111 Marketable Securities	•	•	•	•	•	•	•	•	3,703.71
112 Notes Receivable	4,728.20	9,756.29	5,625.84	96,114.89	138,849.93	276,992.69	309,002.55	170,994.61	320,148.24
113 Miscellaneous Accounts Receiv- able:	•	•	•	•	•	•	•	•	•
(a) Accounts with System Utilities	18,777.65	•	•	•	•	•	•	•	•
(c) Other Accounts Receiva- ble	75.00	975.00	•	1,924.00	8,753,488.40	8,750,610.00	6,250,796.15	6,354,394.50	5,200,850.00
115 Material and Supplies	421,857.01	386,854.80	442,299.58	633,856.93	692,389.81	685,023.50	778,351.17	611,641.88	535,732.26
Total	\$1,082,497.00	\$1,137,822.26	\$1,318,585.08	\$1,709,887.80	\$10,650,772.33	\$11,669,464.02	\$8,112,297.73	\$8,080,035.26	\$7,508,970.37
Deferred Debit Items: 118 Sinking Fund Assets	36,680.92	37,439.92	72,860.75	124,989.17	355,415.67	589,650.53	279,585.83	357,426.52	672,824.61
120 Prepayments:	23,267.34	16,882.97	22,768.70	20,670.62	28,460.43	44,740.99	57,375.04	77,504.01	77,518.83
(b) Prepaid Taxes	•	•	•	•	•	•	•	•	•
(c) Prepaid Insurance	11,630.95	15,670.65	15,913.38	14,171.68	16,333.72	18,799.18	18,343.05	15,888.88	14,903.86
(d) Other Prepayments	455.58	29.17	•	•	•	405.94	217.69	323.01	414.07
122 Unamortized Debt Discount and Expenses	248,848.02	262,318.74	252,923.50	300,376.63	308,171.35	237,445.51	274,085.87	450,270.82	563,230.30
123 Other Suspense	13,919.08	35,414.19	11,371.34	8,353.90	•	2,976.98	23,334.50	96,326.64	155,609.78
Total	\$34,810.89	\$67,755.64	\$75,837.67	\$468,567.00	\$708,286.07	\$942,765.00	\$658,322.11	\$997,352.88	\$1,484,491.45
Total	\$39,145,123.69	\$39,505,194.06	\$40,760,691.44	\$47,887,137.01	\$62,425,940.49	\$74,414,453.27	\$72,693,252.76	\$73,979,138.03	\$74,009,022.66

\* For the years 1908-1911 this property is included in General Capital.  
The figures shown in this account for the years 1912-1915 represent additions only.

## COMPARATIVE GENERAL BALANCE SHEET—LIABILITY ACCOUNTS

Book: P. & C. Order. Account No.	April 30 1908	1908	1909	1910	1911	1912	1913	1914	1915
151 Capital Stock	\$15,000,000.00	\$15,000,000.00	\$15,000,000.00	\$15,000,000.00	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00
152 Long Term Debt:									
154 Funded Debt	\$2,113,000.00	\$2,489,000.00	\$2,514,000.00	\$2,586,000.00	\$2,244,000.00	\$4,000,000.00	\$4,000,000.00	\$4,964,000.00	\$4,964,000.00
Total	\$27,113,000.00	\$27,489,000.00	\$28,514,000.00	\$43,836,000.00	\$27,244,000.00	\$29,000,000.00	\$29,000,000.00	\$29,964,000.00	\$29,964,000.00
Working Liabilities									
158 Customers' Deposits	5,066.37	6,148.97	9,569.92	14,094.77	23,277.21	26,268.86	23,167.41	19,446.20	11,920.85
159 Tickets Outstanding	16,750.22	16,810.97	23,765.86	33,738.65	39,983.24	46,675.59	49,274.96	24,826.35	10,399.29
159 Service Billed in Advance	8,440.80	6,827.30	8,748.44	16,424.49	17,616.35	18,488.69	1,384.20	1,720.26	2,166.64
160 Notes Payable	534,292.49	225,530.83	25,000.00	562,733.33	218,830.88	27,883.10	156,300.00	283,150.00	335,000.00
161 Accounts Payable to System									
Utilities					642,000.00				
162 Miscellaneous Accounts Payable:									
(a) Audited Vouchers and									
(b) Wages Unpaid	277,472.14	239,420.73	250,797.53	527,490.73	620,994.19	353,238.97	300,720.26	283,924.24	134,873.77
(c) Matured Interest, etc.	209,510.00	66,590.00	422,615.00	483,545.00	603,532.50	482,465.00	253,800.00	264,487.50	226,475.00
163 Other Current Liabilities	5,005.15	4,726.27	5,028.49	5,436.99	6,409.24	26,632.31	21,923.64	21,117.45	5,960.50
Total	\$ 1,037,437.17	\$ 568,664.07	\$ 845,515.24	\$ 1,654,092.96	\$ 2,172,533.61	\$ 1,006,552.43	\$ 811,530.47	\$ 903,671.00	\$ 743,796.05
Accrued Liabilities Not Due:									
165 Taxes Accrued	40,000.00	60,000.00	62,904.74	85,924.18	119,964.01	143,793.11	116,167.21	317,553.32	341,979.59
166 Other Accrued Liabilities Not Due	312,603.78	492,456.34	325,406.43	638,756.88	942,636.49	1,699,920.99	1,649,654.08	1,604,351.45	1,554,944.09
Total	\$ 352,603.78	\$ 552,456.34	\$ 388,370.17	\$ 724,681.06	\$ 1,061,990.50	\$ 1,843,714.10	\$ 1,765,812.29	\$ 1,973,904.77	\$ 1,896,923.68
Deferred Credit Items:									
168 Reserve for Accrued Depreciation								432,332.63	763,997.82
171 Insurance and Casualty Reserve	7,818.14	10,442.53	25,015.77	20,154.17	17,531.25	4,730.05	8,573.85	10,669.98	22,859.47
Other Reserves	36,477.01	40,196.57	67,841.76	72,990.27	107,484.21	76,157.09	34,577.86	104,699.98	24,006.25
Total	\$ 44,295.15	\$ 50,634.09	\$ 92,857.53	\$ 93,056.44	\$ 125,065.46	\$ 80,887.14	\$ 43,156.81	\$ 553,702.65	\$ 826,866.54
Corporate Surplus:									
177 Corporate Surplus Unappropriated	577,787.59	647,053.48	918,948.50	1,479,206.55	1,717,900.92	2,478,320.60	1,972,804.19	532,869.61	574,443.39
Total	\$39,145,123.69	\$39,205,196.96	\$40,760,691.44	\$47,887,137.01	\$62,425,840.49	\$74,414,483.27	\$72,693,353.76	\$73,979,133.03	\$74,000,028.66*

\* Contingent Liability  
First Mortgage Bonds of Willamette Valley Southern Ry. Co., with Interest Bonds due February 1, 1920 ..... \$750,000.00

# PUBLIC SERVICE COMMISSION OF OREGON

The balances shown in the first and last general balance sheets are brought together in the subjoined statement. The increases and decreases in liabilities and assets, as of June 30, 1915, as compared with the first consolidated balance sheet of the respondent, April 30, 1908, are stated.

## COMPARATIVE BALANCE SHEET

As at April 30, 1908, and June 30, 1915

ASSET ACCOUNTS	April 30, 1908	June 30, 1915	Increases		Decreases	
<b>Permanent and Long Term Investments:</b>						
Railway, utility, common and nonoperating property.....	\$37,353,089.66	\$59,383,422.02		\$22,030,332.36		
Advances to system utilities for construction, etc. ....	.....	228,401.01		228,401.01		
Investment securities .....	374,726.14	5,403,743.81		5,029,017.67		
<b>Total .....</b>	<b>\$37,727,815.80</b>	<b>\$65,015,566.84</b>		<b>\$27,287,751.04</b>		
<b>Working Assets:</b>						
Cash and deposits—Cash .....	\$ 145,604.78	\$ 865,677.24		\$ 720,072.46		
Special deposits .....	194,510.00	236,475.00		41,965.00		
Due from consumers and agents .....	296,944.36	446,392.82		149,448.46		
Marketable securities .....	.....	3,703.71		3,703.71		
Notes receivable .....	4,728.20	220,148.34		215,420.14		
Miscellaneous Accts. receivable—Accts. with system utilities.....	18,777.65	.....		.....		\$ 18,777.65
Other accounts receivable .....	75.00	5,200,850.00		5,200,775.00		
Material and supplies .....	421,857.01	535,723.26		113,866.25		
<b>Total .....</b>	<b>\$ 1,082,497.00</b>	<b>\$ 7,508,970.37</b>		<b>\$ 6,445,251.02</b>		<b>\$ 18,777.65</b>
<b>Deferred Debit Items:</b>						
Sinking fund assets .....	\$ 36,689.92	\$ 672,824.61		\$ 636,134.69		
Prepayments—Prepaid taxes .....	23,267.34	77,518.83		54,251.49		
Prepaid insurance .....	11,630.95	14,903.86		3,272.91		
Other prepayments .....	459.58	414.07		.....		\$ 41.51
Unamortized Debt Distribution and expenditures.....	248,848.02	583,220.30		314,372.28		
Other suspense .....	13,919.08	155,609.78		141,690.70		
<b>Total .....</b>	<b>\$ 334,810.89</b>	<b>\$ 1,484,491.45</b>		<b>\$ 1,149,722.07</b>		<b>\$ 41.51</b>
	<b>\$39,145,123.69</b>	<b>\$74,009,028.66</b>		<b>\$34,882,724.13</b>		<b>\$ 18,819.16</b>

**COMPARATIVE BALANCE SHEET**  
As at April 30, 1908, and June 30, 1915

LIABILITY ACCOUNTS	April 30, 1908		June 30, 1915		Increases	Decreases
Stock:						
Capital stock	\$15,000,000.00		\$25,000,000.00		\$10,000,000.00	
Long Term Debt:						
Funded debt	22,113,000.00		44,964,000.00		22,851,000.00	
Total	\$37,113,000.00		\$69,964,000.00		\$32,851,000.00	
Working Liabilities:						
Consumers' Deposits	5,966.37	12,920.85		6,954.48		\$ 350.93
Tickets outstanding	16,750.22	16,399.29				6,274.16
Service billed in advance	8,440.80	2,186.64				199,292.49
Notes payable	534,292.49	335,000.00				
Miscellaneous Accounts Payable—						
Audited vouchers and wages unpaid	277,472.14	134,873.77				142,598.37
Matured interest unpaid	209,510.00	236,475.00		26,965.00		
Other current liabilities	5,005.15	5,960.50		955.35		
Total	\$ 1,057,437.17	\$ 743,796.05		\$ 34,374.83		\$348,515.95
Accrued Liabilities Not Due:						
Taxes accrued	\$ 40,000.00	\$ 341,979.59		\$ 301,979.59		
Other accrued liabilities	312,603.78	1,556,944.09		1,244,340.31		
Total	\$ 352,603.78	\$ 1,898,923.68		\$ 1,546,319.90		
Deferred Credit Items:						
Reserve for accrued depreciation		\$ 768,997.82		\$ 768,997.82		
Insurance and casualty reserves	\$ 7,818.14	23,858.47		16,041.33		
Other reserves	36,477.01	34,004.25				\$ 2,487.76
Total	\$ 44,295.15	\$ 836,860.54		\$ 785,039.15		\$ 2,487.76
Corporate surplus unappropriated	\$ 577,787.59	\$ 575,442.39				\$ 2,345.20
	\$39,145,123.69	\$74,009,028.66		\$85,217,233.88		\$353,328.91

### COMMENTS ON CHANGES SHOWN IN COMPARATIVE GENERAL BALANCE SHEETS

Analysis of the increases and decreases in liabilities and assets shown in the preceding statement discloses the following explanatory matters:

***Increases in Assets:***

***Advances to System Utilities for Construction, Etc., \$228,401.01.***

This represents advances made in 1915 to two affiliated companies. The amounts and the companies are as follows:

Willamette Valley Southern Railway Company.....	\$202,351.40
Valley Development Company .....	26,049.61
	<u>\$228,401.01</u>

***Investment Securities, Increase \$5,029,017.87.***

The major part of this increase is accounted for by the fact that the \$5,000,000.00 of bonds of the Mount Hood Railway & Power Company are included therein. The total investments of this nature at June 30, 1915, amounted to \$5,403,743.81, book value, and were as follows:

Bonds as collateral on two year gold notes:

Mount Hood Railway & Power Company.....	\$5,000,000.00
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Stocks in various companies:

Oregon Water Power & Railway Company..\$	2,000.00
Portland Railway Company.....	3,200.00
Portland General Electric Company.....	3,320.00
Cazadero Real Estate Company .....	10,000.00
Mount Hood Company.....	178,339.69
Valley Development Company.....	
Clackamas Power & Irrigation Company....	68,384.12
Yamhill Electric Company .....	138,500.00
	<u>403,743.81</u>

Total .....\$5,403,743.81

In general, the sums shown in the balance sheet under the head of "Stocks in Various Companies," \$403,743.81, represent prices paid for properties and capital stocks and accounts receivable assumed. They are held in "Securities Owned Account," temporarily, and have not been charged to plant account.

Certain increase in assets represent natural growth of the business and no further comment is offered. They are:

Cash .....	\$720,072.46
Due from consumers and agents.....	149,448.46
Notes receivable .....	215,420.14
Material and supplies .....	113,866.25
Prepaid taxes .....	54,251.49
Prepaid insurance .....	3,272.91

***Special Deposits Increase \$41,965.00.***

This is the increase in funds on deposit to pay bond interest semiannually.

***Marketable Securities, \$3,703.71.***

This is an amount representing a deposit arising from the sale of nonoperating property and the amount is held by the trustee under the first and refunding sinking fund mortgage until the company can make certificate of earnings in accordance with the stipulations contained in that mortgage.

***Other Accounts Receivable, Increase \$5,200,775.00.***

This account contains the amount outstanding as unpaid stock subscriptions, \$5,200,850.00, less a minor item.

***Sinking Fund Assets, Increase \$636,134.69.***

The items comprising the total sinking fund investment at June 30, 1915, were:

Bonds:

P. R. L. & P. Co. first and refunding 5%, due 1942.....	\$167,390.00
Portland Ry. Co. first and refunding 5%, due 1936.....	426,057.06
Portland Gen. Elec. Co. first mortgage 5%, due 1935....	78,017.35
Funds in hands of trustee .....	1,360.20

\$672,824.61

*Unamortized Debt Discount and Expenses, Increase \$314,372.28.*

Increased on account of additional bonds issued. An amount is written off each month against income in proportion to the life of the bond in accordance with the requirements of the uniform classification of accounts.

The amounts still outstanding at June 30, 1915, as applicable to the different issues of bonds were as follows:

P. R. L. & P. Co. first and refunding 5%, due 1942.....	\$131,660.37
Portland Ry. Co. first and refunding 5%, due 1930.....	84,139.70
Portland Gen. Elec. Co. first mtg. 5%, due 1935.....	162,648.89
P. R. L. & P. Co. two year gold notes 5%, due 1917.....	184,772.84

*Other Suspense, Increase \$141,690.70.*

\$563,220.30

This amount represents various deferred items to be later charged out to operating expenses. The item responsible for the largest increase is expense in connection with the appraisal of the company's properties. The three largest items comprising the balance of this account at June 30, 1915, are:

Balance of stores system .....	\$ 16,338.57
Waterpower development—	
Clackamas Power and Irrigation Co. ....	24,000.00
Appraisal expenses .....	101,384.73

\$141,728.30

Minor items ..... 13,886.48

\$155,609.78

The items enumerated under decrease in liabilities may be considered as having been reduced in the ordinary course of business. One item may be excepted. That is the reduction in "service billed in advance." This is occasioned by the elimination of flat rate business.

*Increase in Liabilities—*

Capital stock increase .....	\$10,000,000.00
Long term debt .....	22,851,000.00

The increases in these two accounts are reflected in the increase of new construction, investment securities and unpaid stock subscriptions. The latter item is included under the asset account, other accounts receivable. Full details as to the issuance of stocks and bonds, consideration received, etc., are shown elsewhere under the special headings, "capital stock," and "bonds and short term notes."

The other items under this heading, with the exceptions noted, show an increase such as might consistently occur in the natural growth of the business.

*Other Accrued Liabilities, Increase \$1,244,340.31.*

This represents the increase on bond interest and paving assessments and is consistent with the increased bonds outstanding and the added paving liability assumed, the paving, as stated by the respondent, having been charged to plant account.

*Accounts With System Utilities, \$18,777.65.*

This amount stood open in an uncompleted transaction April 30, 1908, and was immediately discharged.

*Contingent Liability, \$750,000.00.*

This amount, which appears as a notation on the balance sheet at June 30, 1915, shows the result of an indorsement on the part of the Portland Railway Light and Power Company covering the first mortgage bonds of the Willamette Valley Southern Railway Company. As security for this liability, control of the capital stock is vested in the respondent company. Compensation for the assumption of this suretyship is expected in increased receipts to the respondent from the Willamette Valley Southern Railway Company as a feeder.

## ANALYSIS OF CORPORATE SURPLUS ACCOUNT

Subjoined are statements showing the disposition of the corporate income account for the fiscal year ending June 30, commencing with 1908, down to and including 1915. There are also shown the deductions made from surplus during each year, and the balance carried forward to the succeeding year. It will be noted that this statement shows the appropriations for dividends upon the capital stock of the respondent during the years covered.

## COMPARATIVE STATEMENT OF SURPLUS ACCOUNT

F. B. C. Order. Account No.	Primary Accounts	1909	1900	1910	1911	1912	1913	1914	1915
	Additions to Surplus:								
302	Credit Balance Transferred from Income Account .....	\$ 681,032.13	\$ 853,905.05	\$ 1,331,244.37	\$ 1,656,357.48	\$ 1,632,777.46	\$ 1,530,672.34	\$ 1,326,497.02	\$ 406,285.15
306	Miscellaneous Credits .....	.....	460.00	36,442.66	60,174.30	424,979.17	21,632.29	72,067.20	35,092.83
	Total Additions to Surplus .....	\$ 681,032.13	\$ 853,365.05	\$ 1,411,687.03	\$ 1,716,431.68	\$ 2,046,866.63	\$ 1,542,306.53	\$ 1,398,564.22	\$ 431,377.98
	Deductions from Surplus:								
309	Appropriation of Surplus to Main- tenance and Reserve .....	\$ 378,635.23	\$ 177,976.00	\$ 152,131.75	\$ 275,357.53	\$ 132,269.49	\$ 255,690.59	\$ 402,425.65	\$ 323,132.66
312	Dividend Appropriations of Surplus .....	250,000.00	250,000.00	654,000.00	826,000.00	990,977.50	2,437,560.00	1,062,500.00	.....
316	Stock Discount Extinguished through Surplus .....	.....	.....	.....	250,000.00	.....	.....	.....	.....
317	Delayed Income Debits .....	.....	.....	.....	8,252.23	.....	.....	.....	.....
	Miscellaneous Debits .....	.....	153,492.63	19,197.25	19,938.57	103,400.96	265,310.95	321,535.15	54,661.54
	Total Deductions from Surplus .....	\$ 628,635.23	\$ 581,468.63	\$ 851,328.96	\$ 1,478,537.31	\$ 1,885,727.95	\$ 2,947,830.94	\$ 1,787,506.80	\$ 439,795.30
	Surplus or Deficit for year .....	\$ 52,996.90	\$ 271,896.42	\$ 560,358.06	\$ 237,894.37	\$ 761,138.68	\$ 1,406,825.41	\$ 608,064.66	\$ 8,417.22
301	Credit Balance at Beginning of Fiscal Year .....	\$ 594,064.19	\$ 647,652.48	\$ 918,943.50	\$ 1,479,366.55	\$ 1,717,200.92	\$ 2,478,329.00	\$ 1,072,864.19	\$ 533,569.61
301	Credit Balance at End of Fiscal Year .....	\$ 647,062.48	\$ 918,943.50	\$ 1,479,366.55	\$ 1,717,200.92	\$ 2,478,329.00	\$ 1,072,864.19	\$ 533,569.61	\$ 575,442.39



## CORPORATE INCOME ACCOUNTS

A statement showing the detail of the corporate income of the respondent for the fiscal years ending June 30, 1908, to 1915, respectively, is appended. It will be seen that the operating revenues and expenses are shown for the railway (interurban and street combined), ferry, light and power, and gas utility operations separately; while merely the net returns from certain minor nonpublic service operations are carried into the account.

This statement it will be observed, shows the amounts paid in the way of interest on both funded and unfunded debt, and in amortisation of discounts on funded debt, during the periods previously enumerated. The taxes and other fixed charges are similarly shown.

The final figure shown under each year is the amount previously shown under the head "Credit balance transferred from income account," in the comparative surplus account statement, previously set out in these findings.

The present statement has been taken from the company's accounts, as compiled from data shown in annual reports to the Commission, with certain elaboration called for in supplemental statements. The apportionment of operating revenues as between the classes of service may be taken as actual; the apportionment of the operating expenses is as shown by the respondent's books of account. While the total operating expenses of the utility apportioned may be taken as correct, it does not follow that a closer analysis would necessarily lead to the same apportionment of the total amount to the various classes of service. For present purposes the utility's own apportionment may be taken.

## COMPARATIVE CORPORATE INCOME ACCOUNTS

Primary Accounts	1909	1900	1910	1911	1912	1913	1914	1915
<b>Operating Income:</b>								
Railway Operating Revenues	\$ 2,786,575.54	\$ 2,806,862.51	\$ 3,360,785.39	\$ 3,371,032.68	\$ 3,602,794.09	\$ 3,696,293.30	\$ 3,929,574.97	\$ 3,830,864.31
Railway Operating Expenses	1,552,044.23	1,541,159.89	1,697,379.86	2,015,748.03	2,117,414.19	2,175,879.23	2,150,766.45	1,924,732.09
Net Revenue Railway Operations	\$ 1,234,531.31	\$ 1,315,702.62	\$ 1,663,405.53	\$ 1,355,284.65	\$ 1,485,379.90	\$ 1,520,414.07	\$ 1,778,808.52	\$ 1,906,132.22
Vancouver Ferry Operating Revenues	\$ 29,075.32	\$ 30,402.90	\$ 32,483.02	\$ 60,047.60	\$ 66,636.54	\$ 66,872.09	\$ 67,509.74	\$ 69,369.78
Vancouver Ferry Operating Expenses	23,908.45	20,287.86	26,372.04	26,423.26	24,889.38	23,922.44	22,284.50	20,235.96
Net Revenue Vancouver Ferry	\$ 6,166.87	\$ 10,224.95	\$ 6,210.98	\$ 23,624.34	\$ 21,747.16	\$ 23,949.65	\$ 25,225.24	\$ 41,033.82
Light and Power Utility Operating Revenues	\$ 971,942.43	\$ 1,246,379.65	\$ 1,562,479.09	\$ 1,962,757.19	\$ 2,150,028.30	\$ 2,432,862.53	\$ 2,459,461.43	\$ 2,021,032.99
Light and Power Utility Operating Expenses	615,966.59	595,427.13	421,925.21	547,486.83	462,521.51	652,197.85	854,199.30	536,307.14
Net Revenue Light and Power Utility	\$ 355,975.84	\$ 750,952.52	\$ 1,140,553.88	\$ 1,415,270.36	\$ 1,687,506.79	\$ 1,780,664.68	\$ 1,605,262.13	\$ 1,484,725.85
Gas Utility Operating Revenues	\$ 18,165.84	\$ 19,932.13	\$ 18,241.26	\$ 18,910.23	\$ 23,528.37	\$ 31,243.59	\$ 30,988.02	\$ 32,997.62
Gas Utility Operating Expenses	17,525.64	15,117.94	15,226.33	16,836.17	20,721.39	25,837.82	29,750.83	28,247.76
Net Revenue Gas Utility	\$ 630.20	\$ 4,815.19	\$ 2,514.93	\$ 74.16	\$ 3,106.98	\$ 5,404.77	\$ 1,247.19	\$ 4,749.86
Miscellaneous Operating Income Net:								
Direct Water Power	\$ 96,469.70	\$ 97,363.85	\$ 103,155.24	\$ 119,713.19	\$ 103,874.03	\$ 122,955.64	\$ 144,010.79	\$ 149,638.74
Locks and Canals	31,283.83	16,894.65	12,851.05	17,454.15	29,593.71	19,855.73	14,950.48	9,076.63
Sale of Wood	11,925.57	13,746.32	11,252.12	10,573.82	21.98	1,182.95	1,464.54	1,082.75
Estacada Hotel	496.12	117.48	899.13	1,725.25	1,182.95	1,501.57	282.45	311.77
Estacada Park	71.50	224.86	1,471.97	362.01	645.88	543.11	282.23	184.29
Vancouver Park	35.35	49.69	11.99	849.70	4,396.19	863.81	688.06	191.86
Oaks Park	12,191.83	3,499.33	2,466.14	.....	.....	2,423.76	.....	2,032.95
Cedar Park	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous	.....	40.00	.....	.....	.....	.....	.....	.....
Total	\$ 151,627.15	\$ 181,261.31	\$ 194,223.93	\$ 150,014.16	\$ 190,443.25	\$ 137,843.51	\$ 156,175.92	\$ 159,519.60

Figures in blackface indicate deficits.

## COMPARATIVE CORPORATE INCOME ACCOUNTS

Primary Accounts	1908	1909	1910	1911	1912	1913	1914	1915
Total Net Operating Revenue.....	\$ 1,698,011.49	\$ 2,213,016.19	\$ 2,837,018.65	\$ 3,454,218.53	\$ 3,717,183.98	\$ 3,780,384.73	\$ 4,006,077.10	\$ 3,159,652.25
Taxes Assignable to Operations.....	113,546.15	134,287.28	230,108.61	336,326.24	455,774.00	412,977.80	261,075.71	581,140.21
Operating Income .....	\$ 1,584,465.34	\$ 2,078,728.91	\$ 2,706,910.04	\$ 3,117,892.29	\$ 3,261,409.98	\$ 3,367,406.93	\$ 3,745,001.39	\$ 2,578,512.04
Non-operating Income:								
Miscellaneous Rent Income .....	\$ 11,297.84	.....	.....	.....	.....	.....	\$ 3,825.75	\$ 26,139.25
Income from Unfunded Securities and Accounts .....	1,244.90	.....	.....	.....	.....	6,786.60	8,441.36	17,492.86
Total Non-operating Income .....	\$ 12,542.74	.....	.....	.....	.....	\$ 6,786.60	\$ 12,267.01	\$ 43,632.11
Gross Income .....	\$ 1,597,208.08	\$ 2,078,728.91	\$ 2,706,910.04	\$ 3,117,892.29	\$ 3,261,409.98	\$ 3,374,193.53	\$ 3,757,268.40	\$ 2,622,144.15
Deductions from Gross Income:								
Miscellaneous Taxes .....	\$ 865,813.66	\$ 1,144,213.01	\$ 1,364,924.27	\$ 1,377,316.28	\$ 1,519,706.97	\$ 1,745,842.01	\$ 1,869,126.64	\$ 1,975,851.29
Interest on Funded Debt .....	27,289.11	25,061.21	20,294.97	44,311.90	75,837.42	51,678.79	97,136.71	96,028.25
Amortization of Discount on Funded Debt .....	1,324.83	30,895.61	9,450.53	11,568.73	13,342.73	13,619.64	13,669.64	88,672.52
Maintenance of Organization—Lessor Companies .....	490.75	.....	.....	.....	.....	.....	.....	.....
Rentals on Bridges .....	21,257.61	26,200.43	30,995.65	28,423.95	29,746.40	40,644.23	46,268.50	45,336.61
Total Deductions from Gross Income .....	\$ 916,175.96	\$ 1,225,870.26	\$ 1,325,665.67	\$ 1,461,624.86	\$ 1,633,632.52	\$ 1,852,408.29	\$ 2,130,771.28	\$ 2,218,040.10
Income Transferred to Surplus Account .....	\$ 681,032.12	\$ 852,908.65	\$ 1,381,244.37	\$ 1,656,267.43	\$ 1,622,777.46	\$ 1,520,672.24	\$ 1,526,497.02	\$ 406,285.15

## PART VII—DEPRECIATION FUND

Section 17 of the Public Utilities Act (Laws of 1911, Chapter 279, page 487) is as follows:

"Every public utility shall carry a proper and adequate depreciation account whenever the Commission after investigation shall determine that such depreciation account can be reasonably required. The Commission shall ascertain and determine what are the proper and adequate rates of depreciation of the several classes of property of each public utility. The rates shall be such as will provide the amounts required over and above the expense of maintenance, to keep such property in a state of efficiency corresponding to the progress of the industry. Each public utility shall conform its depreciation accounts to such rates so ascertained and determined by the Commission. The Commission may make changes in such rates of depreciation from time to time as it may find to be necessary.

"The Commission shall also prescribe rules, regulations and forms of accounts regarding such depreciation which the public utility is required to carry into effect.

"The Commission shall provide for such depreciation in fixing the rates, tolls and charges to be paid by the public.

"All moneys thus provided for shall be set aside out of the earnings and carried in a depreciation fund. The moneys in this fund may be expended in replacements, new construction, extensions or additions to the property of such public utility, or invested, and if invested the income from the investments shall also be carried in the depreciation fund. This fund and the proceeds thereof shall be used for no other purpose than as provided in this section and for depreciation."

This section has previously been construed by the Commission (*Campbell v. Hood River Gas & Electric Co.*, Ninth Annual Report, 1915, Public Service Commission of Oregon, pages 63, 90) as requiring that the depreciation fund shall be prescribed upon a sinking fund basis and shall be provided for in fixing rates, tolls and charges to be paid by the public. The annuity fixed should be based upon the composite life of the depreciable portions of the property of the company, including such proportion of overhead expense as would necessarily be given simultaneously with the physical property to which it relates. The depreciation annuity has not been computed upon stores and supplies on hand, working capital, nor upon nondepreciable physical property nor overhead expense. Salvage values have been taken into consideration. A four per cent sinking fund basis method has been employed, with annual payments and rests for interest.

It is found that in order to comply with the requirements of the Public Utilities Act property shall be kept in a state of efficiency corresponding to the progress of the industry, a depreciation annuity of \$717,386.00 should be set aside. Money set aside for such annuity shall be carried in a depreciation fund and expended in the manner contemplated by Section 17 of the Public Utilities Act, and shall be used for no other purpose. The respondent will be allowed to exercise a primary discretion in the expenditure or investment of such depreciation fund, but will be required to submit to the Commission for approval tentative rules and regulations as to the expenditure or investment of the same, and accounts therefor shall be rendered in the manner prescribed by the Commission's uniform system of accounts.

The depreciation annuity now found to be necessary should be charged as against the following accounts:

Railway and electric light and power operations.....	\$714,066.00
Gas operations .....	3,320.00

## STATEMENT OF GROSS RATES AND DISCOUNTS

The respondent utility states its residence and commercial lighting meter rates as follows:

"**Rate**—The following, plus five per cent, which five per cent, however, will be deducted if the bill is paid on or before the delinquent date (ten days from issuance of bill):

"**First**, six per cent of monthly maximum consumption, 9 cents per K. W. H. **Next** six per cent of monthly maximum consumption 7 cents per K. W. H. All

monthly consumption in excess of twelve per cent of monthly maximum consumption 4 cents per K. W. H."

Under the head of discount its schedule reads as follows: "Discount for prompt payment: Five per cent as specified \* \* \* under heading 'rate.'" This manner of statement of rates is vulnerable to the same objection which was found by the Commission and condemned in the case of Campbell v. Hood River Gas & Electric Company. The objection is apparent and does not involve the integrity of the schedule as a whole, and this manner of statement of charges should be discontinued. Under Section 32 of the Public Utilities Act (General Laws of Oregon for 1911, Chapter 279) the Commission is given authority to prescribe such changes in form in which schedules are issued by any public utility as may be found to be expedient. The present is a proper case in which to require that the rates of the utility shall be stated plainly in a single gross amount, and the discounts for prompt payment, if any, shall be kept separate and distinct from the base rate. The utility will be expected to conform its schedules to this ruling within thirty days.

#### CONCLUSION

The findings above made conclude case No. F-108 upon the docket of the Commission. These findings will be considered in cases numbered F-241, F-259 and U-F-47, insofar as they are pertinent; and the three last-numbered matters now stand open upon the docket of the Commission and will be brought on for further hearing as to the rates involved, in the light of the present findings, and ten days' notice of the date of hearing will be given to the respondent utility and to the municipalities which have appeared herein.

**McMINNVILLE, LOCAL AND LONG DISTANCE TELEPHONE COMPANY, Plaintiff.**

*v.*

**THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, LAFAYETTE TELEPHONE COMPANY, AMITY MUTUAL TELEPHONE COMPANY, YAMHILL COUNTY MUTUAL TELEPHONE COMPANY, of Dayton, Oregon, SHERIDAN MUTUAL TELEPHONE COMPANY, and YAMHILL MUTUAL TELEPHONE COMPANY, Defendants.**

No. U-F-131

(ORDER ENTERED JUNE 10, 1916—P. S. C. ORDER NO. 93)

Complaint by the McMinnville Local & Long Distance Telephone Company, an Oregon corporation, against The Pacific Telephone & Telegraph Company, a California corporation, and the Lafayette Mutual Telephone Company, Amity Mutual Telephone Company, Yamhill County Mutual Telephone Company of Dayton, Oregon, Sheridan Mutual Telephone Company, and Yamhill Mutual Telephone Company, Oregon corporations; all of which companies are public utilities and are subject to the provisions of Chapter 279 of the Laws of Oregon for the year 1911.

The plaintiff's plant, with the exception of a very small number of farmer lines, which extend but a short distance outside, is situated within the corporate limits of McMinnville, Yamhill County, Oregon. The defendant, the Pacific Telephone & Telegraph Company, owns and operates a telephone and telegraph system which extends generally throughout the State of Oregon, and in fact, the entire Pacific Coast, but as far as this case is concerned is more particularly the owner of long distance lines which connect, by means of intermediary switching facilities, with the switchboard of the plaintiff. The Pacific Company also operates a commercial line from Carlton to McMinnville, which connects

with the plaintiff's switchboard. The remaining defendants are the owners of various telephone plants, serving Yamhill County generally, and reaching into portions of Polk and Marion counties, and particularly own or operate commercial lines extending from Yamhill, Lafayette, Dayton, Amity and Sheridan to the corporate limits of McMinnville, where such lines are connected to the lines of the plaintiff company.

The McMinnville Company switches, without charge, all calls which are received from, or destined to points served by these commercial lines, when such calls are destined to, or originate with its subscribers, with the exception of calls received from and destined to points upon the long distance lines owned or operated by The Pacific Telephone & Telegraph Company, other than to Carlton. For this last mentioned service to the Pacific Company, the plaintiff receives ten per cent of the charges for such long distance messages, which covers as well the collection of such charges for the Pacific Company by the plaintiff.

This free switching for the defendants, the plaintiff alleges imposes upon it an extreme burden, and heavy expense, without any return commensurate with the service rendered, and avers it has resulted in the plaintiff being unable to render efficient service over its own and to defendants' lines, and has caused plaintiff to be condemned therefor. The relief sought is an adjustment of the rates of plaintiff, and the fixing of rates to be charged for this service, and the service rendered The Pacific Telephone & Telegraph Company in connection with its long distance business.

*Appearances:*

McCain, Vinton & Burdett, attorneys for McMinnville Local and Long Distance Telephone Company.

B. A. Klicks, attorney for Yamhill Mutual Telephone Company, Amity Mutual Telephone Company and Sheridan Mutual Telephone Company.

W. M. Ramsey, attorney for Yamhill County Mutual Telephone Company of Dayton, Oregon.

Omar C. Spencer, attorney for the Pacific Telephone and Telegraph Company.

The questions at issue necessarily involved a valuation of the property of the plaintiff used and useful in the service of the public as a public utility, and an investigation under the provisions of Sections 9 and 10 of Chapter 279 of the General Laws of Oregon for the year 1911, was carried on simultaneously with, and as a part of this proceeding.

The Commission, now being fully advised, makes the following findings:

1. The authorized capital stock of the plaintiff company is \$40,000.00, consisting of 1,600 shares of the par value of \$25.00 each. Of this amount there had been issued and was outstanding on September 24, 1915, \$30,025.00, or 1,201 shares. Such stock is fully paid up. The indebtedness of the company consisted of notes totalling \$2,000.00, and bearing interest at the rate of seven per cent per annum. No bonds have been issued.

2. The original or actual cost of the various units of property entering into the plant of the plaintiff company can not be stated, owing to incompleteness of the company's records. To reproduce the same in normal new and usable condition as of September 25, 1915, making a reasonable allowance for such overhead items of expense as would normally be required, would have involved the expenditure of \$42,411.00. The sum of \$1,500.00 working capital (which includes stores and supplies) would have been reasonably required in addition to the figure given for reproduction cost new. By the lapse of time, depreciation has accrued, equal to \$14,010.00, and the reproduction cost new, less depreciation, of this plant, making an allowance for reasonable overhead items, and taking into consideration the allowance of \$1,500.00 for working capital, would be \$29,901.00.

The foregoing contains no estimate of accrued development expense, but it is recognized that if the plant of the plaintiff company were constructed in accordance with the plan shown in evidence, it would require not only the expenditure of the sum previously stated for reproduction cost new, but some

additional expenditure to bring the business of the company to its present state, and this fact is taken into consideration by the Commission.

3. From a consideration of the foregoing, and of all the testimony submitted and proofs offered, the Commission finds that the value of the utility property of the McMinnville Local and Long Distance Telephone Company was, on September 24, 1915, \$29,747.00. In addition to such sum, \$1,500.00 in working capital or credit would reasonably be required for the operation of the plant.

4. The law requires that the Commission shall prescribe a depreciation fund in each rate case. After making allowance for depreciation contingencies, it is found that a depreciation annuity of \$1,963.00 is necessary to comply with the requirement of law that the property shall be kept in a state of efficiency corresponding to the progress of the industry. An allowance will be made in this case for such sum, which should be set aside and carried in a depreciation fund, and be expended in the manner contemplated in Section 17 of Chapter 279 of the General Laws of Oregon for the year 1911, and for no other purpose, and which shall be accounted for and expended in the manner prescribed by the Commission's uniform system of accounts.

5. Plaintiff's present rates, as filed with the Commission, are as follows:

	<i>Per month</i>
Business, one party .....	\$2.50*
Business, two party .....	2.00*
Business, four party .....	1.50*
Residence, one party .....	2.00*
Residence, two party .....	1.50*
Residence, four party .....	1.25*
Residence, six party .....	1.00*
Farmer line switching .....	.50

6. Under such rates, plaintiff's revenues resulting from its utility operations, together with the expenses incident thereto, as shown by an audit of its books for the eight months, January to August, inclusive, 1915, and average per month were as follows:

	<i>Eight Months</i>	<i>Average Per Month</i>
<b>Operating revenues—</b>		
Exchange subscriber service .....	\$8,178.00	\$1,022.25
Pay stations .....	9.55	1.19
Toll service (commissions) .....	236.11	29.51
Miscellaneous other operating revenue .....	151.69	18.96
<b>Total operating revenues .....</b>	<b>\$8,575.35</b>	<b>\$1,071.91</b>
<b>Operating expenses—</b>		
Maintenance .....	\$ 831.18	\$ 103.89
Extraordinary depreciation .....	145.10	18.14
Operators' wages .....	1,706.18	213.27
Other operating employes wages .....	285.79	35.72
Transmission power .....	57.65	7.21
Printing and stationery .....	42.50	5.31
Other miscellaneous expenses .....	84.80	10.60
General office salaries .....	354.00	44.25
General office supplies and expenses .....	32.54	4.07
Insurance .....	36.50	4.56
<b>Total operating expenses .....</b>	<b>\$3,576.24</b>	<b>\$ 447.02</b>

In the above no consideration has been given to any depreciation, taxes or interest which accrued during the period covered.

7. Traffic over the commercial lines of the defendants which connect with the plaintiff's system at the corporate limits of the city of McMinnville, and for which the plaintiff receives no revenue, between July 16, 1915, and September 15, 1915, inclusive, amounted to 33,024 completed calls, or an average of 532.64 calls per day. In addition, during the same period, there were calls amounting to 10,849, or an average per day of 174.98, which were not completed, owing to the line being busy. Such unlimited free service upon these commercial lines results in the inability of the plaintiff to render a reasonably adequate service

\* Above rates are for wall type telephones; add 25 cents per month for desk type telephones.

thereover, and further it casts an undue burden upon the subscribers of the plaintiff company. It is true that such subscribers may be compensated to a certain extent by taking advantage of their free service, but the compensation received is not commensurate with the burden carried. The installation of a toll charge will result in a material reduction in the number of calls offered for transmission over these lines, and a consequent improvement in service, and will remove the undue burden now carried by the subscribers of the plaintiff company due to this free service. The Commission finds such free service over these commercial line to be unreasonable and unjust.

While the Commission recognizes the interchange of service between the plaintiff and defendant utilities is necessary for the adequate serving of the communities affected, and that such facilities as the service may demand from time to time must be established and maintained by them, they should not be compelled to furnish such service when it casts an undue burden upon them and their patrons.

The Commission finds that just and reasonable rates to be imposed and collected for such service are as follows:

<i>Between—</i>	<i>First</i>	<i>Each</i>
	<i>5 minutes</i>	<i>additional 5 minutes</i>
McMinnville and Amity .....	\$ .05	\$ .05
McMinnville and Carlton .....	.05	.05
McMinnville and Dayton .....	.05	.05
McMinnville and Lafayette .....	.05	.05
McMinnville and Sheridan .....	.05	.05
McMinnville and Yamhill .....	.05	.05
Amity and Carlton .....	.10	.05
Amity and Dayton .....	.10	.05
Amity and Lafayette .....	.10	.05
Amity and Sheridan .....	.10	.05
Amity and Yamhill .....	.10	.05
Carlton and Dayton .....	.10	.05
Carlton and Lafayette .....	.10	.05
Carlton and Sheridan .....	.10	.05
Carlton and Yamhill .....	.05	.05
Dayton and Lafayette .....	.10	.05
Dayton and Sheridan .....	.10	.05
Dayton and Yamhill .....	.10	.05
Lafayette and Sheridan .....	.10	.05
Lafayette and Yamhill .....	.10	.05
Sheridan and Yamhill .....	.10	.05

These rates shall apply only when service is switched via the McMinnville exchange.

No claim is made that these rates are compensatory in and of themselves for the service rendered, but as a means of regulating the traffic, they are reasonable and justified.

8. The Commission finds that a reasonable distribution of the revenue derived from this service is as follows:

For local switching in which only two exchanges are involved, sixty-six and two-thirds per cent shall go to the company originating the message or call, and thirty-three and one-third per cent shall go to the company receiving and delivering the message or call.

For through switching in which three exchanges are involved, thirty-three and one-third per cent shall go to the company originating the message or call; fifty per cent shall go to the company operating the intermediate exchange, and sixteen and two-thirds per cent shall go to the company receiving and delivering the message or call.

This distribution, however, shall not apply to revenue due to charges for messenger service.

9. Inasmuch as the toll rates established are principally for regulatory purposes, and in view of the fact that the investigation discloses and it is admitted that the return from operation is fair to the stockholders, some adjustment of the present rates should be made to offset the increased revenue to be derived from such toll service. After a full consideration of the utility's present schedule of rates in the light of the new conditions created by the installation of the toll



charge hereinbefore provided, and giving due weight to all matters and things disclosed by the record which have a bearing thereon, such schedule, insofar as it differs from the schedule of rates hereinafter set forth, is unjust, unreasonable and unjustly discriminatory.

Just, reasonable and not unjustly discriminatory rates and charges for the plaintiff to make, impose, charge and collect for service, other than the toll service hereinbefore discussed, are:

	<i>Per month</i>
Business, one party .....	\$2.25*
Business, two party .....	1.75*
Business, four party .....	1.50*
Residence, one party .....	1.75*
Residence, two party .....	1.50*
Residence, four party .....	1.25*
Residence, six party .....	1.00*
Farmer line switching .....	.50

Farmer line switching rate payable quarterly in advance.

10. An analysis of the operating expenses of the plaintiff company show them to be below those found generally throughout the State for companies of like size and character, operating under substantially similar conditions, and, in the opinion of the Commission, such condition can not continue if reasonable service is to be provided and maintained. The general office expenses have been kept down to the minimum at the expense of a proper accounting system. We are mindful of the fact that the meeting of such condition will result in increased operating expenses, and that the adjustment of the exchange rates as provided herein will decrease revenues. On the other hand the utility will derive additional revenue from the toll charges fixed, and future operations if actuated by fairness and a full compliance with the word and spirit of this order will result in no impairment of the reasonable return to which the utility is entitled.

Based upon the foregoing findings, and upon all the testimony submitted and proofs offered,

IT IS ORDERED, CONSIDERED AND DETERMINED, that from and after the taking effect of this order, the parties hereto shall make, impose, charge and collect for service over the commercial lines of the defendants, connecting with plaintiff's exchange, or which may hereafter be connected with its exchange, the just and reasonable rates for such service hereinbefore set forth; that the plaintiff shall substitute for, and thereafter make, charge, impose and collect, in lieu of the exchange rates hereinbefore condemned, the exchange rates found to be just, reasonable and not unjustly discriminatory.

IT IS FURTHER ORDERED, that the plaintiff shall set up as a part of its accounts the depreciation reserve found to be reasonable and necessary, and for which an allowance has been made, which reserve shall be set aside and carried in a depreciation fund and be expended in the manner contemplated by law, and shall be accounted for in the manner prescribed by the Commission's uniform classification of accounts.

This order shall become effective the first day of July, 1916, and prior thereto the parties hereto shall publish and file with the Commission, in the manner provided by law, schedules setting forth the toll rates, and in the case of the plaintiff company, the toll and exchange rates herein fixed, and thereafter they, and each and all of them shall do all the matters and things herein prescribed, or found to be reasonably necessary in the carrying out of the intent and spirit of this order.

The complaint in all other respects is dismissed.

\* Above rates are for wall type telephones; add 25 cents per month for desk type telephone.

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|--|-------------|
| In the Matter of the Investigation and Suspension of Advances in Minimum Carload Weights by OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY for the Transportation of Grain and Grain Products Within the State of Oregon. | } No. F-475 |
| In the Matter of the Investigation and Suspension of Advances in Minimum Carload Weights by SPOKANE, PORTLAND & SEATTLE RAILWAY COMPANY for the Transportation of Grain and Grain Products Within the State of Oregon.     |             |
| In the Matter of the Investigation and Suspension of Advances in Minimum Carload Weights by OREGON TRUNK RAILWAY for the Transportation of Grain and Grain Products Within the State of Oregon.                            | } No. F-489 |

(ORDER ENTERED JUNE 16, 1916—P. S. C. ORDER NO. 94)

The above entitled matters were consolidated for the purpose of hearing, and inasmuch as the issues in each case are the same, there appears to be no necessity for separate orders.

By Supplement No. 5 to Oregon-Washington Railroad & Navigation Company Tariff, No. 353, P. S. C. Order No. 581, effective March 2, 1916, Supplement No. 56 to Spokane, Portland & Seattle G. F. D. No. 395-A, O. R. C. No. 355, effective March 1, 1916, and Oregon Trunk Local Freight Tariff G. F. O. No. 2-B, P. S. C. Order No. 60, effective June 1, 1916, respectively, the Oregon-Washington Railroad & Navigation Company, Spokane, Portland & Seattle Railway Company, and Oregon Trunk Railway sought to advance the minimum loading weight for carload shipments of grain, flour and mill feed from 30,000 pounds to 40,000 pounds on intrastate shipments within the State of Oregon. These proposed advances were suspended by the Commission, and upon such suspension hearing was held.

*Appearances:*

W. A. Robbins, attorney for Oregon-Washington Railroad & Navigation Company.

Omar C. Spencer, attorney for Spokane, Portland & Seattle Railway Company and Oregon Trunk Railway.

G. W. Harvey, traffic manager for Albers Brothers Milling Company.

Although ample notice was given to the milling interests and dealers of the state, no appearances, other than the one noted above, were made, and no testimony was produced in their behalf.

It is axiomatic that a minimum weight should be based upon a consideration of the carrying capacity of the equipment in connection with the character of the commodity and the maximum quantity thereof which can reasonably be handled under the trade requirements, and conditions of manufacture, distribution and consumption which exist in the particular locality affected; and it would appear that it should approach as nearly as possible the maximum capacity of the car, when to do so will not impose an unreasonable burden upon the traffic, in order that there may be obtained the greatest efficiency in the use of the equipment.

Uniformity, in order that there shall be no discrimination between localities, is essential, and where the conditions are fairly comparable, this feature is entitled to careful consideration.

The minimum prescribed by the Western Classification, which is the classification adopted generally by carriers operating throughout the territory west of Chicago and the Mississippi River, for the commodities here under consideration is 36,000 pounds. This minimum also has been specifically prescribed in the State of Washington, and the record discloses it is the intention of the respondent carriers to file supplements to their present tariffs reducing their existing minimum of 40,000 pounds on interstate traffic to this basis.

With the increase which has taken place in the capacity of equipment since the establishment of the present 30,000 pound minimum, and in view of the growth and general development of the State, a reasonable increase in the minimum loading weight for grain, flour and mill feed is undoubtedly justifiable.

However, we are of the opinion that the carriers in the present case have failed to justify the advancing of this minimum beyond 36,000 pounds, and after a full consideration of the record, the Commission finds that the minimum weight of 40,000 pounds on grain, flour and mill feed, as published in Item No. 45-C, Sections B, C, D and E of Supplement No. 5 to Oregon-Washington Railroad & Navigation Company Tariff No. 353, P. S. C. Order No. 581, Item No. 1245-J, Sections B, C and D of Supplement No. 56 to Spokane, Portland & Seattle G. F. D. No. 395-A, O. R. C. No. 355, and Item No. 160, Sections B, C and D of Oregon Trunk Local Freight Tariff G. F. O. No. 2-B, P. S. C. Order No. 60, is unreasonable, unjust and unjustly discriminatory; and that a reasonable, just and not unjustly discriminatory minimum weight for intra-state transportation within the State of Oregon for such commodities is one which does not exceed 36,000 pounds per car.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that on or before July 1, 1916, the respondents herein shall cancel those provisions of their tariffs prescribing a 40,000 pound minimum per car on grain, flour and mill feed as hereinbefore set forth.

The carriers may, however, should they desire, file tariffs in the manner prescribed by law, establishing the minimum weight hereinbefore found to be reasonable, just and not unjustly discriminatory.

The application of this order is confined to the transportation of freight wholly within the State of Oregon.

In the Matter of the Application of R. W. Marsters, County Judge, E. H. Pinkston, County Commissioner, and B. F. Nichols, County Commissioner, Constituting the COUNTY COURT OF DOUGLAS COUNTY, OREGON, for Permission to Establish a Temporary Crossing over the Tracks of the Oregon & California Railroad Company at Grade, in Myrtle Creek, Douglas County, Oregon.

No. F-484

(ORDER ENTERED JUNE 19, 1916—P. S. C. ORDER NO. 95.)

Pursuant to notice, the above entitled application seeking a temporary grade crossing came on regularly for hearing before the Commission at Myrtle Creek, Oregon, on Wednesday, the twenty-fourth day of May, 1916.

*Appearances:*

George Neuner Jr., District Attorney, and R. W. Marsters, County Judge, for County Court of Douglas County.

Ben C. Dey, Attorney, for Southern Pacific Company.

This is the third time the question of opening the crossing covered by this application has been before the Commission. In each of the other cases, the Commission denied permission to construct the crossing at grade.

The question now presented is whether the Commission should grant permission for the establishment of a temporary, gated, grade crossing over and across the Oregon & California Railroad Company's tracks (now operated by Southern Pacific Company) at a point approximately at Engineer's Station No. 1147 plus 10, in the City of Myrtle Creek, Oregon.

This crossing in connection with a bridge now constructed across the South Umpqua River, is designed to provide an outlet to a market place and transportation facilities for a number of people residing on the west side of the river. The bridge, however, in its present physical condition will not permit the moving of any considerable amount of ordinary highway traffic thereover.

Until such time as the bridge is strengthened, the amount of traffic which would move over this crossing would not be sufficient to warrant the Commission in permitting its establishment. However, the county court has signified its intention to have the necessary repairs and improvements made, and with this bridge in a safe and usable condition, a public necessity will exist for a crossing in this vicinity.

As has been before pointed out by this Commission, a separation of grades at this point is feasible. However, it now develops that a survey for a State highway through Douglas County has recently been made by the State Highway Commission, which survey, if accepted and the highway established in accordance therewith, will eliminate the necessity for the crossing under consideration.

In view of the likelihood of this crossing being abandoned in the near future, and the expenditure it would require to construct the necessary subway or overhead crossing structure, the Commission finds it should not force the separation of grades at the present time, and, therefore, grants the right and privilege to extend the highway over the railroad at grade, upon the completion of the repairs and improvements necessary to place the above mentioned bridge in a safe and usable condition.

The permission herein granted, however, is conditioned upon the premise that the crossing shall be temporary in character, and shall be eliminated within one year from the date hereof, unless further time shall be granted by this Commission, and is based upon a specific reservation of the right by the Commission to revoke this permission at any time for cause shown.

As a necessary protection of the public, the Commission requires that such grade crossing shall be protected by the installation and maintenance of pockets in the present right of way fence, and extending for a distance of not less than thirty feet on either side of the railroad company's right of way, which pockets shall be provided with gates opening outward with reference to the railroad track, and which gates, when not actually in use, shall be kept closed.

The cost of installing and maintaining such crossing and protective devices shall be borne by the applicant, save and except that portion of the crossing between the rails and extending for a distance of eighteen inches on the outside thereof, which shall be installed and maintained by the railroad company.

In the Matter of General Regulations Governing Side  
and Overhead Clearances on Railroads and Street  
Railroads in the State of Oregon. (Investigation  
on Commission's Own Motion.)

No. F-474

(ORDER ENTERED JUNE 26, 1916—P. S. C. ORDER NO. 99.)

Investigation on the Commission's own motion with respect to the vertical and horizontal clearances upon all railroads and street railways within the State of Oregon subject to Chapter 53 and Chapter 279, respectively, of the General Laws of Oregon for the years 1907 and 1911.

The Commission finds the following rules and regulations with respect to minimum overhead and horizontal clearances between railroads and street railways and fixed structures and obstructions to be just, reasonable, adequate and safe, and

IT IS HEREBY ORDERED, that such rules and regulations, from and after the first day of August, 1916, shall be observed on all future construction and reconstruction within the State of Oregon, unless otherwise authorized by order of this Commission:

## RULES RELATING TO MINIMUM CLEARANCES OF RAILROADS AND STREET RAILWAYS IN FUTURE CONSTRUCTION AND RECONSTRUCTION

### STANDARD GAUGE LINES

#### *Vertical Clearances—*

The minimum vertical clearances above the top of rails on railroads and street railways, which transport or propose to transport standard gauge freight cars, and overhead structures, shall be twenty-two feet, with the following exceptions:

(a) In tunnels the roof may be in the form of an arc of a circle, the diameter of which is not less than the clear width of the tunnel at the spring line.

(b) Upper diagonal bracing in bridges shall not encroach within a line extending from a point seven feet six inches from center line of track at a height of seventeen feet above top of rail to a point three feet from center line of track, at a height of twenty-two feet above top of rail.

(c) These regulations shall not apply to engine houses or to buildings into which cars are moved for repairs.

(d) At passenger stations and coach yards where passenger equipment only is handled, vertical clearances may be less than twenty-two feet.

#### *Horizontal Clearances—*

The minimum horizontal clearances on each side of the center line of standard gauge railroads and street railways shall be eight feet six inches for a distance of twenty-two feet above the top of rail, with the following exceptions:

(a) In tunnels the roof may be in the form of an arc of a circle, the diameter of which is not less than the clear width of the tunnel at the spring line.

(b) The minimum horizontal clearance in bridges and tunnels shall be seven feet six inches from the center line of the track, over a distance between a point four feet above the top of rail and a point seventeen feet above the top of the rail.

(c) Upper diagonal bracing in bridges shall not encroach within a line extending from a point seven feet six inches from center line of track at a height of seventeen feet above top of rail to a point three feet from center line of track, at a height of twenty-two feet above top of rail.

(d) Lower diagonal bracing in bridges shall not encroach within a line extending from a point seven feet six inches outside of center line of track at a height of four feet above top of rail to a point five feet nine inches outside of center line of track at top of rail elevation.

(e) The minimum horizontal clearance between center line of track and station platforms, one foot or less in height above top of rail, shall be four feet six inches.

(f) For platforms four feet or less, and exceeding one foot in height, on yard and industrial tracks, such minimum clearance shall be six feet.

(g) The minimum horizontal clearances for switchstands and dwarf signals, two feet six inches or less above top of rail, shall be five feet six inches from center of track.

(h) The minimum horizontal clearance for cattle guard fences shall be the same as hereinbefore specified for lower diagonal bracing of bridges.

(i) The minimum horizontal clearance for mail cranes with arms extended shall be six feet nine inches from center of track.

(j) Interlocking apparatus not exceeding six inches above top of rail shall have a minimum horizontal clearance from center of track of four feet.

(k) These regulations shall not apply to engine houses, or to buildings into which cars are moved for repairs.

#### *Spacing of Tracks—*

The minimum distance between the center lines of adjacent tracks, measured at right angles thereto, shall be thirteen feet, with the following exceptions:

(a) For house tracks and team tracks the spacing may be such that the clearance of thirteen feet is provided upon one side of the track only; provided, where a track is constructed less than eight feet six inches from a platform,

the full spacing of thirteen feet between track centers shall be provided on the opposite side of such track.

(b) The distance from the center line of any switching lead, which lies adjacent to any other track (excepting a track of like character), where the switches are not operated mechanically, shall not be less than sixteen feet from center to center of tracks. The distance from center to center of two adjacent switching leads shall not be less than nineteen feet.

### NARROW GAUGE LINES

#### *Vertical Clearances—*

The minimum overhead clearances above the top of rails on railroads and street railroads, which transport or propose to transport narrow gauge freight cars, and overhead structures, shall be eighteen feet, with the following exceptions:

(a) In tunnels the roof may be in the form of an arc of a circle, the diameter of which is not less than the clear width of the tunnel at the spring line.

(b) Upper diagonal bracing in bridges shall not encroach within a line extending from a point six feet from center line of track at a height of thirteen feet above top of rail to a point three feet from center line of track, at a height of eighteen feet above top of rail.

(c) These regulations shall not apply to engine houses or to buildings into which cars are moved for repairs.

(d) At passenger stations and coach yards where passenger equipment only is handled, vertical clearances may be less than eighteen feet.

#### *Horizontal Clearances—*

The minimum horizontal clearances on each side of the center line of narrow gauge railroads and street railroads shall be seven feet for a distance of eighteen feet above the top of rail, with the following exceptions:

(a) In tunnels the roof may be in the form of an arc of a circle, the diameter of which is not less than the clear width of the tunnel at the spring line.

(b) The minimum horizontal clearances in bridges and tunnels shall be six feet from the center line of the track, over a distance between a point three feet above the top of rail and a point thirteen feet above the top of the rail.

(c) Upper diagonal bracing in bridges shall not encroach within a line extending from a point six feet from center line of track at a height of thirteen feet above top of rail to a point three feet from center line of track, at a height of eighteen feet above top of rail.

(d) Lower diagonal bracing in bridges shall not encroach within a line extending from a point six feet outside of center line of track at a height of three feet above top of rail to a point four feet three inches outside of center line of track at top of rail elevation.

(e) The minimum horizontal clearance between the center line of track and station platforms one foot or less in height above top of rail shall be four feet six inches.

(f) For platforms three feet six inches or less, and exceeding one foot in height, on yard and industrial tracks, such minimum clearances shall be five feet.

(g) The minimum horizontal clearances for switchstands and dwarf signals, two feet six inches or less above top of rail, shall be five feet six inches from center of track.

(h) The minimum horizontal clearances for cattle guard fences shall be the same as hereinbefore specified for lower diagonal bracing of bridges.

(i) The minimum horizontal clearances for mail cranes shall be five feet three inches from center of track.

(j) Interlocking apparatus not exceeding six inches above top of rail shall have a minimum horizontal clearance from center of track of four feet.

(k) These regulations shall not apply to engine houses, or to buildings into which cars are moved for repairs.

#### *Spacing of Tracks—*

The minimum distance between the center lines of adjacent tracks, measured at right angles thereto, shall be eleven feet, with the followings exceptions:

(a) For house tracks and team tracks the spacing may be such that the clearance of eleven feet is provided upon one side of the track only; provided, where a track is constructed less than seven feet from a platform, the full clearance of eleven feet shall be provided on the opposite side of such track.

(b) The distance from the center line of any switching lead, which lies adjacent to any other track (excepting a track of like character), where the switches are not operated mechanically, shall not be less than fourteen feet from center to center of tracks. The distance from center to center of two adjacent switching leads shall not be less than seventeen feet.

#### GENERAL

(a) All lateral clearances are with reference to straight track. On curves, the clearance shall be increased so as to provide the equivalent of straight track clearances, and shall be measured from a line through the center line of the track and perpendicular to the plane of the top of the traffic rails.

(b) Where tracks are laid upon public highways within the corporate limits of cities and towns, these regulations as to the minimum distance between adjacent tracks shall not apply.

(c) These rules and regulations are predicated upon the movement of freight cars not greater than fifteen feet one inch high, and ten feet nine inches wide, on standard gauge lines, and freight cars not greater than eleven feet one inch high and nine feet three inches wide, on narrow gauge lines. In all cases where freight cars of greater dimensions are moved, the railroad or street railway over whose tracks the movement occurs shall provide all train and yard crews who may be affected by the movement with written notice as to the presence of such car, together with its initials and number, and the fact that it impairs the clearance customarily provided.

IT IS FURTHER ORDERED, that the following rules and regulations, which are found to be just and reasonable, shall be observed from and after the first day of August, 1916, and the facilities therein specified supplied, in connection with the present construction of all railroads and street railways within this State:

At all points where the clearances hereinbefore specified for future construction and reconstruction are not now provided, suitable warning devices shall be erected and maintained. In the case of impaired vertical clearances such device shall be located at a sufficient distance from the impairing structure as to give ample warning thereof. In the case of impaired horizontal clearances, suitable warning signs shall be placed upon the switchstands where maintained at the entrance of the spur or siding upon which the impairment occurs, and at an equally appropriate point when such switchstands are not maintained, and when clearance encroachments occur upon tracks other than spurs or sidings.

The foregoing rules and regulations are issued subsequent to, and shall take precedence over all rules and regulations heretofore issued by this Commission which are contrary to or in conflict herewith.

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(SUPPLEMENTAL ORDER ENTERED JULY 9, 1916—P. S. C.  
ORDER NO. 109.)

Application of the City of Portland for permission to construct certain viaducts over the railroad tracks of the Oregon-Washington Railroad & Navigation Company at Sandy Boulevard, East Forty-seventh Street, East Fifty-third Street, East Sixtieth Street, Halsey Street at East Sixty-seventh Street, East Seventy-fourth Street and East Eighty-second Street, in the City of Portland, such viaducts to provide a clearance of twenty-one feet from the top of the rail of the railroad company, and therefore not affording the minimum clearance required.

The portion of the line over which these viaducts are to be constructed is used primarily for passenger traffic. The freight movement thereover is limited, and consists solely of cars switched by switching crews to industries located thereon.

The viaducts are being constructed for the purpose of eliminating hazardous grade crossings of the several streets with the railroad, and the proceedings looking to the consummation of this purpose have extended over a considerable period of time. Plans and specifications have now been completed, and the necessary legal steps taken for an early completion of this project, and inasmuch as all calculations and plans have contemplated a clearance of twenty-one feet, to require the clearance provided by the regulations above referred to would necessitate the changing of such plans and entail a considerable delay as well as a large additional expense in the completion of this much needed separation of grades.

All plans and specifications were completed before the standard clearances were prescribed by this Commission.

In view of the above conditions, the Commission believes it should not require this construction to conform to the standard overhead clearance of twenty-two feet from the top of the rail, and, therefore, grants the right and privilege for these structures to impair such clearance, but not, however, to provide less than twenty-one feet clear headway between the top of the rail and the lowest part of the viaduct thereover.

This permission is conditioned upon the expressed understanding that warning devices as are required to be provided for impaired clearances by the original order herein shall be installed and maintained, and that the construction in all other respects will conform to the standards therein specified.

CROOK COUNTY, OREGON, a Public Corporation,

Complainant,

v.

PIONEER TELEPHONE & TELEGRAPH COMPANY, a Corporation, and the PILOT BUTTE TELEPHONE COMPANY, a Corporation, Defendants.

No. U-F-147

(ORDER ENTERED JUNE 23, 1916—P. S. C. ORDER NO. 100.)

Upon stipulation of all the parties, through their respective attorneys, consenting and agreeing that the complaint seeking a physical connection of the lines of the defendants be dismissed.

IT IS ORDERED, that the above entitled matter be and the same hereby is dismissed without prejudice.

In the Matter of the Application of CLATSKANIE LIGHT & POWER COMPANY for Authority to Increase Rates.

No. U-F-153

(ORDER ENTERED JUNE 29, 1916—P. S. C. ORDER NO. 101.)

Application seeking authority to increase rates, by the Clatskanie Light & Power Company, by R. C. Bacon, Lessee.

*Appearances:*

R. C. Bacon, for Applicant.

W. H. Powell, in opposition.

The plant and equipment, by means of which electric service is afforded in Clatskanie, is owned by the Clatskanie Light & Power Company, a corporation of the State of Oregon. One R. C. Bacon, under the terms of a lease, dated November 23, 1914, now operates, controls and manages such plant, and both the owning corporation, and Mr. Bacon, lessee, are public utilities as the same are defined by Chapter 279 of the General Laws of Oregon for the year 1911.

The questions at issue necessitated a valuation of the property involved, and an investigation for such purpose was carried on simultaneously with and as a part of this proceeding.

The authorized capital stock of the Clatskanie Light & Power Company consists of 500 shares of common stock of the par value of \$100.00 each. The entire issue was outstanding on January 15, 1916.



The indebtedness of the company at that time consisted of a note for \$5,000.00, bearing interest at the rate of six per cent per annum, and an unsecured account of approximately \$6,000.00, bearing interest at the rate of seven per cent per annum. The record is silent as to the exact amount of this latter account, but it is shown to be borrowed money. The company has no funded indebtedness.

Inasmuch as available records are incomplete, the original or actual cost of the property could not be ascertained. To reproduce the same in normal new and usable condition, as of January 15, 1916, making due allowance for such overhead items of expense as would reasonably be required, would normally have involved the expenditure of \$20,820.00. In addition, the sum of \$750.00, working capital (which includes stores and supplies) would have been reasonably required. By the lapse of time depreciation has accrued equal to \$7,868.00, and the reproduction cost new, less depreciation, of this plant, making an allowance for reasonable overhead items and taking into consideration the sum of \$750.00, working capital, would be \$13,702.00.

In the foregoing no estimate of accrued development cost has been included, but it is recognized that if the plant were constructed in accordance with the plan shown in evidence, it would require in addition to the reproduction cost new, previously stated, an expenditure of money to bring the business of the company up to its present state, and this fact has been taken into consideration by the Commission.

Based upon the foregoing, and from a consideration of all of the testimony submitted and proofs offered, the Commission finds that the value of the property owned by the Clatskanie Light & Power Company, for rate making purposes, was, on January 15, 1916, \$13,993.00. In addition to such sum, \$750.00 working capital in cash or credit would reasonably be required for the operation of the plant.

It is provided by law that a depreciation fund shall be prescribed by the Commission in each rate case. After making allowance for depreciation contingencies, it is found that a depreciation annuity of \$746.38 is necessary to comply with the requirement of law that the property shall be kept in a state of efficiency corresponding to the progress of the industry. An allowance will be made for such a sum in this case, which sum shall be set aside and carried in a depreciation fund, and be expended in the manner contemplated by Section 17 of Chapter 279 of the General Laws of Oregon for the year 1911, and for no other purpose, and shall be accounted for in the manner prescribed by the Commission's Uniform Classification of Account.

The present rates charged for the service rendered by this utility are:

<i>Residence Lighting—</i>	<i>Per KWH.</i>
First thirty KWH. used per month.....	\$ .10
All in excess during same period .....	.08
Minimum monthly charge .....	1.00
<i>Commercial Lighting—</i>	
First fifty KWH. used per month per KW. connected.....	\$ .09
Next thirty KWH. used per month per KW. connected.....	.06
All in excess during the same period.....	.04
Minimum monthly charge, \$1.00 per KW. or fraction thereof connected.	
<i>Flat Rate—</i>	<i>Per Month</i>
Each sixteen candle power light .....	\$ .50
<i>City Lighting—</i>	
Special rate, fixed by franchise:	<i>Per Month</i>
Seven arc lamps, and thirty thirty-two candle power incandescent lamps for .....	51.50
For all over seven arc lamps, each.....	5.00
Each additional sixteen candle power lamp.....	.50

Under these rates, the revenues resulting from, together with the expenses incident to the operation of the plant, as shown by the record, for the year ending December 31, 1915, were as follows:

Revenues .....	\$3,772.00
Expenses .....	4,641.91
Deficit from operation .....	\$ 869.91

These figures are the results of bare operation, and do not take into consideration depreciation, taxes, nor return upon the investment. The rental paid by the lessee to the lessor has not been included.

By reason of the conditions existing during the year covered by the above statement of earnings, the expenses due to the operation of this plant were considerably in excess of normal requirements under present conditions. By changes in the method of operation, now made possible by alterations of the plant, and by the practice of strict economy in administration, these expenses, can, and should be, very materially reduced. However, with the maximum reduction, which an analysis of the expenses indicates to be possible, this plant under the present rates will not earn a sufficient amount to meet its operating expenses and taxes, and provide the depreciation annuity hereinbefore set forth.

An examination of the tariffs on file with the Commission, and referred to in the record, shows the present rates charged by applicant to be below those found generally throughout the State for the furnishing of like service under fairly comparable conditions.

From a full consideration of the foregoing findings, and giving due weight to all the matters and things disclosed by the record, the Commission finds that the present rates of the Clatskanie Light & Power Company (with the exception of the city lighting rates, as to which no finding is made), are unjust, unreasonable and unjustly discriminatory.

It is not possible by any schedule of rates which the Commission might prescribe at this time to yield fair operating expenses, taxes, depreciation and any substantial return upon the fair value of this, or any other plant sufficient in size and design to furnish the service reasonably required, for the reason that any rates which would yield such a return would exceed the value of the service to the patrons, and, in consequence, by reason of the loss of subscribers, neither the gross nor net revenue from operation of the plant would be increased.

The rates sought to be established by the applicant are as follows:

<i>Commercial Lighting—</i>	<i>Per KWH.</i>
First fifty KWH. used per month per KW. connected.....	\$ .11
Next thirty KWH. used per month per KW. connected.....	.08
All in excess during the same period .....	.06
Minimum monthly charge \$1.00 per KW. or fraction thereof connected.	
<i>Residence Lighting—</i>	
First thirty KWH. used per month .....	.12
All in excess during the same period .....	.10
Minimum monthly charge .....	1.00

From a revenue producing standpoint these rates might not be unreasonable. However, they would be unjustly discriminatory as between classes of service, in that the residence customer would be forced to carry an undue burden as compared to the commercial user, and therefore they must be condemned.

The following rates, while they will not yield the necessary operating expenses, depreciation and taxes, and a fair return upon the fair value of the property reasonably required to serve the community, compare favorably with the rates charged generally throughout the State of Oregon under similar circumstances and conditions, and are just, reasonable and not unjustly discriminatory:

<i>Residence Lighting—</i>	<i>Per KWH.</i>
First fifteen KWH. used per month .....	\$ .12
Next fifteen KWH. used per month .....	.10
All over thirty KWH. used per month .....	.06
Minimum monthly charge .....	1.00

<i>Commercial Lighting—</i>	
First thirty KWH. used per month per KW. connected.....	.12
Next thirty KWH. used per month per KW. connected.....	.10
All over sixty KWH. used per month per KW. connected.....	.06
Minimum monthly charge \$1.00 per KW. connected; no minimum less than \$1.00.	

No connected load considered less than 500 watts.

At the hearing the Commission was requested to adjust the rates which exist under a contract for street and other municipal lighting furnished the municipality. The city, however, refused to submit the question to the Com-

mission, and in the absence of a voluntary submission by both the utility and the municipality the Commission, under the statute, is without jurisdiction and can not act.

In the consideration of this case, the terms of the lease have had no bearing on the conclusions reached. The theory has here been accepted that the used and useful property of a public utility, irrespective of the terms and conditions under which its operation is controlled, is entitled to earn its reasonable operating expenses, taxes, depreciation and a fair return upon the fair value thereof, provided always the rates in and of themselves are just and reasonable for the service rendered, and are not unjustly discriminatory.

Based upon the foregoing findings, and upon all the testimony submitted and proofs offered,

IT IS ORDERED, CONSIDERED AND DETERMINED, that the applicant be and hereby is granted the right and privilege, from and after the effective date of this order, to make, charge, impose and collect the just, reasonable and not unjustly discriminatory rates as hereinbefore set forth.

IT IS FURTHER ORDERED, that there shall be set up as a part of the accounts, the depreciation reserve found to be reasonable and necessary, and for which an allowance has been made, which reserve shall be set aside and carried in a depreciation fund, and shall be expended as contemplated by law, and shall be accounted for in the manner prescribed by the Commission's Uniform Classification of Accounts.

This order shall become effective on the first day of August, 1916, and prior thereto the applicant shall publish and file with the Commission, in the manner provided by law, a tariff, or a supplement to its present tariff, setting forth the rates herein prescribed, and shall thereafter do all the matters and things reasonably necessary for the carrying out of the intent and spirit of this order.

**M. L. FRANTZ, Plaintiff,**

*v.*

**SOUTHERN PACIFIC COMPANY, a Corporation, Defendant.**

No. F-482

(ORDER ENTERED JULY 7, 1916—P. S. C. ORDER NO. 103.)

This is a complaint alleging the facilities afforded by the Southern Pacific Company at the station of Wren, on its Corvallis & Eastern Branch, are inadequate and unreasonable.

Pursuant to notice, duly served upon the parties, the matter came on for hearing at Wren Station on June 30, 1916. The plaintiff failed to appear at the time and place designated, either in person or by a representative, and no explanation of this failure has been forthcoming. Other residents in the vicinity, upon being interviewed by the Commission, evidenced no desire to pursue the matter.

Since the filing of the complaint herein, the railroad company has materially improved its facilities at this station, and we assume the conditions now existing are satisfactory to the plaintiff. This assumption would seem to be fully justified by the plaintiff's failure to appear.

IT IS THEREFORE ORDERED, that the complaint herein be and the same hereby is dismissed.

**In the Matter of the Application of the COUNTY COURT  
OF LINN COUNTY, OREGON, to Lay Out and Extend  
a Public Highway in Said County at Grade Over  
and Across the Railroad of the Southern Pacific  
Company.**

No. F-473

(ORDER ENTERED JULY 7, 1916—P. S. C. ORDER NO. 104.)

This is an application, brought by the County Court of Linn County, Oregon, under Chapter 275 of the General Laws of Oregon for the year 1913, seeking authority to construct a highway across the railroad track of the Oregon & California Railroad Company (now operated

by the Southern Pacific Company) at grade near the station of Crocus on such line of railroad.

Pursuant to notice hearing has been held and the Commission has viewed the site of the proposed crossing.

**Appearances:**

For County Court of Linn County: Gale S. Hill, District Attorney.

For Oregon & California Railroad Company, and Southern Pacific Company: Ben C. Dey, their attorney.

This crossing is sought to provide a means of ingress and egress for several families now residing on the westerly side of the railroad track. The parties to the proceeding are agreed that a public necessity exists for a crossing to accommodate the residents of this section, and that the topography of the country is such as to preclude a separation of grades by the expenditure of any reasonable sum of money. The matter, therefore, resolves itself into the proposition of whether or not the construction of this crossing at grade can reasonably be avoided.

At a point approximately 1,427 feet southerly from the proposed crossing, an established highway now crosses the railroad. The station of Crocus is located at this crossing. By relocating the proposed highway so as to extend parallel with and adjacent to the railroad right of way, on the westerly side thereof, from the point where the crossing is sought to an intersection with the present highway above described, the construction of the proposed crossing will become unnecessary. Such change of location will involve but slight, if any, increased expense, and will cast no undue burden or unnecessary inconvenience upon the parties on whose behalf the crossing is sought.

It is manifest that the Legislative Assembly in clothing this Commission with jurisdiction over the establishment of grade crossings had in mind the prevention of the creation of hazardous conditions wherever possible. The policy that no crossing shall be established at grade where it can reasonably be avoided is clearly stated. It will not be contended that a grade crossing is not hazardous, nor do we think any one will seriously question that it naturally follows an additional hazard is created by the construction of each new grade crossing, and that one more chance is added to the now far too numerous opportunities for the loss of life or limb and the destruction of property. When a reasonable opportunity is presented to avoid these crossings, this Commission will not grant authority for their construction.

The right to construct this proposed crossing at grade is denied.

In the Matter of the Application of OREGON ELECTRIC RAILWAY COMPANY for Permission to Construct Two Highway Crossings Across Its Line of Railroad at Grade, Near Orville Station.

No. F-490

(ORDER ENTERED JULY 14, 1916—P. S. C. ORDER NO. 106.)

For the purpose of gaining permission to construct two highway crossings over its railroad at points approximately 1,225 and 1,930 feet, respectively, north of its Orville station, the Oregon Electric Railway Company has brought this application as provided by Chapter 275 of the General Laws of Oregon for the year 1913.

**Appearances:**

For Oregon Electric Railway Company—Omar C. Spencer, its Attorney.

For Marion County—W. M. Bushey, County Judge.

Several years ago, when the Oregon Electric Railway Company constructed its extension south from Salem, it became necessary to consider the establishment of highway crossings at the points now sought to be crossed. Although the matter was then without the jurisdiction of the Commission, the company, apparently realizing the hazardous conditions which would be brought about by the construction of these crossings, on its own initiative, relocated the highway, thereby avoiding the necessity for the crossings. However, it has

now developed that the new highway, by reason of slides, is difficult to maintain, and it is stated it is to avoid this heavy maintenance charge that a return to the original location of the highway, involving the establishment of these two crossings, is proposed.

Pursuant to the notice contemplated by the statute, a hearing has been held, and a thorough investigation has been made of the site of the crossings and the country immediately surrounding, both by the members of the Commission and its engineering staff.

There is no claim made that a public necessity exists for these crossings, nor does the record disclose that the public generally would benefit thereby. On the contrary, the proposed crossings, which are but slightly over 700 feet apart, would be situated at either end of a cut, and their construction would mean the creation of an extremely hazardous condition. The Commission realizes that the maintenance of the present road may be burdensome upon the railroad company, but in view of the benefits accruing both to the company and to the public generally by the absence of these crossings, we do not believe this burden to be undue. In other words, the Commission is of the opinion that a reasonable opportunity is presented in this case to avoid the construction of these crossings.

As has before been stated, when grade crossings can reasonably be avoided, this Commission will not grant authority for their construction. This seems to be in harmony with the intent of the Legislature, which manifestly had in mind, when it clothed this Commission with jurisdiction over the establishment of grade crossings, the prevention of the creation of hazardous conditions wherever reasonably possible.

The right to construct these proposed crossings at grade is denied.

L. Q. SWETLAND, E. W. QUIMBY and T. J. RICHARDSON,  
Complainants,  
v.  
THE PACIFIC TELEPHONE & TELEGRAPH COMPANY,  
Defendant.

} U-F-127

(ORDER ENTERED JULY 18, 1916—P. S. C. ORDER NO. 107)

Petition of The Pacific Telephone & Telegraph Company to reopen the above entitled cause.

It appearing the petitioner has no desire to pursue the matters set forth in its petition,

IT IS ORDERED that such petition be and the same hereby is dismissed without prejudice, and that the above entitled matter be closed upon the docket of the Commission.

In the Matter of the Elimination of Certain Hazardous  
Conditions in Dayton, Oregon. } No. U-F-170

(FINDINGS ENTERED JULY 19, 1916—P. S. C. ORDER NO. 108.)

The Yamhill Electric Company and Yamhill County Mutual Telephone Company, public utilities within the meaning of Chapter 279 of the General Laws of Oregon for the year 1911, own and operate electric and telephone plants, respectively, in Yamhill County, and insofar as this controversy is concerned, are particularly the owners of certain electric and telephone lines in Dayton, Oregon.

On April 11, 1916, the Commission's engineer, department of utilities, acting under general instructions that all dangerous construction, wherever found, shall at once be reported to the Commission, reported the existence of extremely hazardous conditions at First and Ferry streets, and on Third Street, extending from the alley on one side of Ferry Street to the alley on the opposite side, in Dayton, Oregon. This condition resulted from the interlacing of the wires of the two companies at such points.

Following the Commission's usual procedure the attention of the companies was immediately directed to these hazards and a request was made for their prompt elimination.

The companies are agreed as to the existence of, and the necessity for eliminating this dangerous condition. They, however, are unable to agree upon the division of the cost of such elimination.

The Commission having insisted upon this work being done at once, the matter has been submitted, by the voluntary act of the companies, to the Commission for a determination of the apportionment of the expense incident thereto.

Acting under this submission, the Commission held a hearing at which both utilities were present and were heard.

The Commission being fully advised, finds and determines that a just and reasonable solution of the problem presented is:

All changes necessary to make the construction at these points comply with the General Regulations Governing Overhead and Underground Construction of Telegraph, Telephone, Signal, Trolley and Power Lines Within Oregon, as issued by this commission August 29, 1913, and amended April 23, 1914 (Seventh Annual Report, Railroad Commission of Oregon, page 141), and thus eliminate the hazardous conditions now prevailing, shall be commenced immediately upon the service of a copy of these findings upon the parties hereto, and shall be completed on or before twenty days thereafter; that the expense incurred in making such changes shall be borne equally by the two utilities—fifty per cent thereof by the electric utility and a like amount by the telephone utility.

The companies at the hearing having mutually agreed on the elimination, and the division of the cost thereof, of the hazard at First and Ferry streets, the application of these findings shall not apply thereto, except as to the time limit specified for the completion of this work.

In the Matter of the Application of the CLEMENT LUMBER COMPANY for Authority to Construct a Logging Railroad Across a Highway at Grade in Sec. 27, Tp. 9 S., R. 3 E., W. M., Marion County, Oregon.

No. F-494

(ORDER ENTERED JULY 21, 1916—P. S. C. ORDER NO. 110.)

Application of the Clement Lumber Company for permission to construct a railroad across the Elkhorn road near Gates, Oregon.

The railroad sought to be constructed was to be used solely for the transportation of logs and but one train movement per day was contemplated. Upon completion of logging operations the railroad will be abandoned.

The topography of the country was such as to preclude the separation of grades and it was not feasible to avoid the crossing by a relocation of the railroad or highway. Permission was granted to cross at grade.

As a warning and protection of the public, highway crossing warning signs and whistling posts were installed and in addition thereto, the railroad company was required to provide a flagman to be stationed at the crossing at all times when trains are moving or there is a likelihood of them being moved thereover.

The cost of the installation and maintenance of the crossings, together with all safety devices and the expense of providing and maintaining a flagman was apportioned to the applicant.

In the Matter of the Application of SOUTHERN PACIFIC COMPANY for Permission to Establish Greater Rates for Lesser Than for Longer Distances Between Portland, Oregon, and points on its Willamette Pacific and Coos Bay, Roseburg & Eastern Branches.

No. F-491

(ORDER ENTERED AUGUST 2, 1916—P. S. C. ORDER NO. 111.)

Under Section 6926 of Lord's Oregon Laws, as amended by Chapter 93 of the General Laws of Oregon for the year 1911, which provides

that the Commission may, for cause shown, and after investigation, permit the establishment by a carrier of rates between points within the State of Oregon, which rates will result in the collection of a greater sum for a haul of a lesser than for a longer distance over the same line of railroad, the Southern Pacific Company filed an application for authority to establish class rates between Portland, Oregon and points on its Willamette Pacific & Coos Bay, Roseburg & Eastern branches, and commodity rates on coal from Beaver Hill, Cedar Point and Marshfield (stations on its said branch lines), to points upon its lines in Oregon, which rates would result in a higher charge for the shorter than for the longer haul over the same line.

Subsequently the railroad company filed a supplementary application seeking general authority to establish commodity rates as and when the exigencies of the particular case might require, which commodity rates likewise would result in a greater charge for the lesser than the longer haul. Such supplementary application was not filed in time to permit the Commission to give the statutory notice of its filing and the date upon which it would be investigated prior to the date scheduled for the hearing on the original application. However, at the hearing on the original application, the parties waived the statutory requirements as to time of notice, and by stipulation the supplementary application was heard with and as a part of that investigation.

Although testimony was admitted at the hearing covering a wide range, there is but one question before the Commission for determination, viz: Shall the Commission grant authority for the company to establish rates which will result in the collection of a greater sum for a haul of a lesser than for a longer distance over the same line of railroad? The question of the reasonableness of the rates proposed by the carrier, their justness or unjustness, or any feature of discrimination, is not now before the Commission. Any rates which may be established under any authority granted in this proceeding are subject to attack either as to individual rates, or as to the schedule as a whole, by any qualified complainant, or by the Commission upon its own motion.

The territory covered by the original application insofar as it relates to class rates extends from Portland via the main line of the Southern Pacific Company to Eugene, a distance of 123.7 miles; from Eugene, via the Willamette Pacific branch, to Marshfield, a distance of 121.6 miles; from Marshfield, via the Coos Bay, Roseburg & Eastern branch, to Myrtle Point, a distance of twenty-five and eight-tenths miles; and from Myrtle Point to Powers, via line of railroad owned by a nonaffiliated corporation, and operated under a lease by the Southern Pacific Company as a part of its Coos Bay, Roseburg & Eastern branch, a distance of eighteen and seven-tenths miles; a total distance over all of 289.8 miles.

The class rates sought to be established grade up from Eugene to Nekoma, a station on the Willamette Pacific Branch, 170.2 miles from Portland, where the following rates are proposed:

1	2	3	4	5	A	B	C	D	E
83	71	58	50	42	42	33	25	20	16

From Nekoma the rates grade down until tidewater is reached at Mapleton, a distance of 181.7 miles from Portland, where the following rates are named:

1	2	3	4	5	A	B	C	D	E
65	56	50	44	38	38	34	26	22	17

this schedule with slight changes applying as far as Coos, a distance of fifty-seven and seven-tenths miles, the territory being blanketed insofar as the numbered and first two lettered classes are concerned, the remaining lettered classes being graded from twenty-six, twenty-two and seventeen, respectively, to thirty, twenty-five and twenty.

At North Bend, 242 miles from Portland, and Marshfield, 244.3 miles from Portland, the territory is again blanketed, and the following rates apply:

1	2	3	4	5	A	B	C	D	E
60	51	45	39	33	33	30	27	24	20

At McCormack, 246.9 miles from Portland, the rates are advanced to the following scale:

1	2	3	4	5	A	B	C	D	E
65	55	49	42	36	36	33	29	24	21

this scale applying as far as Coquille, which is 262.2 miles from Portland.

At Johnson, 265 miles from Portland, the rates are again advanced, and a scale is proposed covering blanketed territory extending to Myrtle Point, 271.1 miles from Portland, as follows:

1	2	3	4	5	A	B	C	D	E
70	60	53	46	39	39	35	32	27	22

From Myrtle Point, the rates are graded up to Powers, 289.8 miles from Portland, where the following rates are proposed:

1	2	3	4	5	A	B	C	D	E
92	79	69	60	51	51	45	40	33	27

In addition the original application covers commodity rates on coal in carload lots from Beaver Hill, Cedar Point and Marshfield to various points on the Southern Pacific Company's main and branch lines.

The following are illustrative of the rates proposed:

<i>From Beaver Hill, Cedar Point &amp; Marshfield, Oregon to</i>	<i>Rates in cents per ton of 2,000 pounds</i>
Portland (Park St.) .....	175
Woodburn .....	200
Salem .....	200
Albany .....	232
Junction City .....	260
Eugene .....	240
Roseburg .....	320
Grants Pass .....	374
Ashland .....	374
Monmouth* .....	240
Tillamook* .....	375
Newberg* .....	300

The supplementary application names no specific rates, but asks authority to publish commodity rates as the demand therefor arises, which rates shall not be intermediate in their application.

It is proposed to make the following provision in the tariff in which such commodity rates are carried:

"Application of Rates From and To Intermediate Points.—Rates in individual items made subject to this Rule are not applicable from or to all intermediate points. This departure from the requirements of the Laws of Oregon of 1911, Chapter 93, is authorized by order of the Public Service Commission of Oregon, No. — of date —. Upon reasonable application therefor rates will be established from or to intermediate points upon one day's notice to the Commission and to the public, which will not exceed the rate from or to the more distant point from or to which a rate is named by more than the rate from or to the intermediate point on the class to which this commodity belongs exceeds the rate on the same class from or to the more distant points."

The record shows that the Willamette Pacific Branch of the applicant company meets water competition at the station of Swisshome, and that such competition extends to Myrtle Point. The Siuslaw, Umpqua and Coquille rivers, and Coos Bay are all navigable, and considerable sums of money have been expended on their harbors, both by the Federal Government and the local authorities. At these points the railroad comes into contact with water competition, both actual and potential. Before the construction of the Willamette Pacific branch all freight moved into and out of these points by water (or by water in connection with a short rail haul over the Coos Bay, Roseburg & Eastern branch) either over regularly established boat lines, or by steam schooners, carrying lumber from the mills located on the Siuslaw and Umpqua rivers, and on Coos Bay, and returning loaded with freight carried at rates governed largely by the character of the commodity, the quantity offered for

\*Branch line points.



shipment, and the activity of competition between the various boats. The degree of competition varies, of course, with the location of the station as to whether it is reached direct by the boat lines, or is located inland and the rate is based upon a combination of the rail and water rate. However, the competition is such as to compel the installation of rates to meet it if the railroad company is to share in the traffic moving to these points. Such competition does not exist at other points covered by the proposed tariffs. The commodity rates on coal from Coos Bay points are similarly affected by water competition via Portland and the Willamette River.

The existence of this condition, the Commission considers, is sufficient cause for a deviation from the mandate of law that no rate shall be charged which will result in the collection of a greater sum for the lesser than longer haul over the same line, and,

IT IS, THEREFORE, ORDERED that the Southern Pacific Company be and it hereby is authorized to publish, and thereafter impose and collect rates between points on its Willamette Pacific and Coos Bay, Roseburg & Eastern branches and points on other portions of its system within Oregon which may be greater for the lesser than for the greater haul, provided, such lesser rates shall be named only between points where water competition, in its broadest sense, exists.

The Commission does not hereby approve any rates that may be filed under this authority, all such rates being subject to attack, investigation and correction if found in any wise to be unjust, unreasonable or unjustly discriminatory either upon complaint of a qualified complainant or upon the Commission's own motion.

Inasmuch as the Willamette Pacific branch is now nearing completion, and it is contemplated that the applicant's operating department will take over its operation on August 5, 1916, it is desirable that the proposed rates be made effective upon that date; and in view of the fact that the proposed rates are lower than those established and now being collected by the construction department, this order shall become effective on August 5, 1916, and the proposed rates shall be filed and become effective upon that day. Thereafter, all rates, whether new or a change in the initial schedule of rates to be filed as above directed, including all commodity rates, published under the authority of this order, shall be filed in the manner contemplated by law and the rules of this Commission.

The application of this order is confined solely to the intrastate transportation of property between points within the State of Oregon, and nothing herein contained shall be construed as applying in any way to interstate traffic.

GEORGE PLANCICH COMPANY, Plaintiff

v.

WELLS FARGO & COMPANY, a Corporation, Defendant.

No. F-483

(ORDER ENTERED JULY 31, 1916—P. S. C. ORDER NO. 113)

Following an unsuccessful attempt to arrive at a satisfactory adjustment in an informal way through the medium of this Commission, the George Planch Company brought this complaint alleging that the charges assessed by Wells Fargo & Company on crabs from Newport to Portland, Oregon, are unreasonable and unjustly discriminatory.

*Appearances:*

John E. Wallace for plaintiff.

Wallace McCamant for defendant.

Wells Fargo & Company, a corporation of the State of Colorado, is a common carrier engaged in the transportation of property by express between points within the State of Oregon, and points within and without the State, and is subject to the provisions of Chapter 53 of the laws of Oregon for the year 1907, and Acts amendatory thereof and supplemental thereto.

The charges assessed by the defendant company for the transportation of crabs from Newport, Oregon, to Portland, Oregon, are based upon the actual weights, and by reason thereof exceed the charges on similar shipments from Washington points to Portland, which are assessed upon an estimated weight

of twenty-two pounds per dozen, as provided by Item 10 of Local and Joint Commodity Tariff, Public Service Commission Order No. G-192, issued by F. G. Airy, agent, and applying on interstate traffic only. The plaintiff complains this results in an unjust discrimination, and asks that the Commission establish the same basis of weights on intrastate traffic as applies on interstate traffic. The defendant, answering, admits the discrimination exists, and expresses a willingness to amend its tariff to conform to the interstate basis, but contends that such basis is not proper, and asks that any order entered herein be made without prejudice and subject to revision at any time the interstate tariff between Washington points and the city of Portland shall cease to be based on the estimated weight of twenty-two pounds per dozen.

A public hearing having been held, the Commission finds as a fact that the charges assessed on crabs from Newport to Portland, Oregon, result in an undue and unjust discrimination against the station of Newport, and that such practice is contrary to law, and

IT IS THEREFORE ORDERED that Wells Fargo & Company shall cease and desist from the violation of law above set forth, and shall immediately take such steps as are necessary to eliminate this undue and unjust discrimination.

Shipments now being offered, and the defendant having expressed its willingness to remove this admittedly unjust discrimination by the filing upon August 1, 1916, of a tariff making the interstate basis applicable, this order shall become effective at once.

This order is based solely upon the question of discrimination and shall not be construed as in any way passing upon the reasonableness or unreasonableness of the rate in and of itself, for the service rendered, or the justness or unjustness of basing rates on estimated rather than actual weights. The present record will not justify a finding on such points. Upon application by a proper party these questions will be duly investigated and a finding based on the record then before it will be made by the Commission.

The application of this order is confined solely to the intrastate transportation of property between points within the State of Oregon, and nothing herein contained shall be construed as applying in any way to interstate traffic.

In the Matter of the Application of CITY OF NEWBERG  
to Construct a Highway at Grade Across the Oregon  
& California Railroad Company's Railroad at Sheridan  
Street in Said Town.

No. F-505

(ORDER ENTERED AUGUST 8, 1916—P. S. C. ORDER NO. 114)

Seeking authority to construct a crossing at grade over and across the tracks of the Oregon & California Railroad Company (now leased to and operated by the Southern Pacific Company), at their intersection with Sheridan Street, the City of Newberg filed its application on July 29, 1916. The Commission at that time having before it other matters demanding its presence, as well as that of the representatives of the city and railroad company, at Newberg, the parties waived formal notice and by stipulation the matter was investigated and hearing held upon that day.

**Appearances:**

For the city of Newberg, C. R. Chapin, attorney.

For Oregon and California Railroad Company, and Southern Pacific Company, Ben C. Dey, attorney.

The Commission has personally inspected the proposed crossing, as well as all existing crossings in the vicinity thereof. At the present time the territory which it is contended will be served by this crossing is served by crossings at First street approximately two blocks in a southerly direction, and at Main street, approximately one block in a northerly direction therefrom. The crossing, if constructed, would extend through the station grounds of the railroad company, crossing at an acute angle its sidetracks, as well as its main line. Warehouses and other industrial structures located contiguous to and

upon the right of way and station grounds obstruct the view, especially of a traveler upon the highway, approaching from the east.

The crossing, if granted, would serve principally parties living in the three blocks lying in the triangle bounded by Sherman and Harrison streets and the right of way and station grounds of the railroad company. Others desiring to reach the business district of the town, or conversely, the outlying districts from the business center, are at present adequately served by existing crossings, and may be eliminated from consideration as to the necessity for this crossing. The maximum detour of any party living in the three blocks, above described, now made necessary by the absence of a crossing at Sheridan street, is less than three blocks. While it may be conceded the crossing would be a convenience, still this convenience would only apply to a comparatively small number of people, and does not constitute a public necessity sufficient to justify the creation of the hazardous condition that would exist were this crossing constructed at grade.

Many features from an operating standpoint would make the maintenance of a grade crossing at this point extremely hazardous, but inasmuch as its construction at grade must be denied on account of the lack of public necessity, therefor, they need not here be discussed.

The right to construct this crossing at grade is denied.

In the Matter of the Application of the CITY OF SHERIDAN for Permission to Cross the Tracks of the Southern Pacific Company With a Highway in the City of Sheridan at Common Grade. } No. F-498

(ORDER ENTERED AUGUST 7, 1916—P. S. C. ORDER NO. 116)

Application by City of Sheridan for permission to extend Schley Street at grade across the main line and sidetrack of the Oregon & California Railroad Company's Sheridan branch in Sheridan, Oregon.

It appearing that the primary need for a crossing at the point desired was to provide the means of egress and ingress to a high school, there being an open crossing approximately two blocks west of the proposed crossing which provided ample facilities for vehicular traffic. Owing to the industries being located contiguous to the right of way and abutting upon the street, a grade crossing at the point desired would result in the creation of an extremely hazardous condition.

The Commission found that an elevated structure sufficient to take care of all the foot traffic that would use this crossing could be constructed at a reasonable expense and denied the application.

In the Matter of the Application of PORTLAND & OREGON CITY RAILWAY COMPANY for Authority to Construct, Maintain and Operate a Railroad Across Certain Streets in the City of Portland, Oregon, and Also Across Certain Streets in the Town of Milwaukie, Oregon, and Also Across Certain Highways in Clackamas County, Oregon, at Common Grade. } No. F-413

(ORDER ENTERED AUGUST 14, 1916—P. S. C. ORDER NO. 119)

This is an application brought by the Portland & Oregon City Railway Company for authority, among other things, to construct a railroad across the following streets and highways:

Third street at its intersection with Madison street.  
Second street at its intersection with Madison street.  
East Third street, between Hawthorne avenue and East Market street.  
East Clay street at its intersection with East Third street.  
East Market street, between East Third street and East Ninth street.

Union and Grand avenues at their respective intersections with East Market street.

East Sixth street, East Seventh street and East Eighth street, at their respective intersections with East Market street.

East Ninth street, between East Market street and East Caruthers street.

East Mill street, Stephens street, East Harrison street, East Lincoln street, East Grant street and East Sherman street, at their respective intersections with East Ninth street.

East Caruthers street between East Ninth and East Twelfth streets.

East Tenth street, East Eleventh street and East Twelfth street, at their respective intersections with East Caruthers street.

Elliott street at a point 240 feet northeasterly from the north line of Division street at its intersection with Elliott street.

Division street between Orange street and East Twenty-second street.

East Fourteenth street, East Fifteenth street, East Sixteenth street, East Seventeenth street, East Eighteenth street, East Nineteenth street, East Twentieth street and East Twenty-first street, at their respective intersections with Division street.

East Twenty-second street, between Division street and Gladstone avenue.

Ivon street, Clinton street, Taggart street, Woodward street, Brooklyn street, Tibbetts street, Powell street, Frankfort street and Coquille street, at their respective intersections with East Twenty-second street.

Gladstone avenue, between East Twenty-second street and East Twenty-fourth street.

East Twenty-fourth street, between Gladstone avenue and Mitchell avenue.

Cora avenue, Holgate street, Long avenue, Schiller street, Raymond avenue and Mitchell avenue at their respective intersections with East Twenty-fourth street.

Insley avenue at a point approximately 410 feet west of the west line of East Twenty-sixth street at its intersection with Insley avenue.

Harold avenue at a point approximately 115 feet east of the east line of East Twenty-fourth street at its intersection with Harold avenue.

Ellis avenue at a point approximately 160 feet east of the east line of East Twenty-fourth street at its intersection with Ellis avenue.

Reedway at a point approximately 200 feet east of the east line of East Twenty-fourth street at its intersection with Reedway.

Bybee avenue at a point approximately 840 feet east of the east line of East Twenty-second street at its intersection with Bybee avenue.

Tacoma avenue at a point approximately 890 feet east of the west line of Section 24, Township 1 south, Range 1 east, Willamette Meridian, all in the city of Portland.

Harrison street at a point approximately 3,480 feet west of the east line of Section 36, Township 1 south, Range 1 east, Willamette Meridian.

Elmer street, between Harrison avenue and Thirty-fourth street.

Oak street at its intersection with Elmer street.

Thirty-fourth street between Elmer street and a point 400 feet south of the westerly line thereof.

Thirty-fifth street at its intersection with applicant's right of way, all in the town of Milwaukie.

Foster road at a point approximately 1,160 feet west of the east line of Section 6, Township 2 south, Range 2 east, Willamette Meridian.

Concord road at a point approximately 140 feet east of the west line of Section 8, Township 2 south, Range 2 east, Willamette Meridian.

Webster boulevard at a point approximately 650 feet north of the south line of Section 8, Township 2 south, Range 2 east, Willamette Meridian.

Oregon City and Clackamas road at a point approximately 1,380 feet south of the north line of Section 16, Township 2 south, range 2 east, Willamette Meridian.

Oregon City and Damascus road at a point approximately 100 feet west of the east line of Section 9, Township 2 south, Range 2 east, Willamette Meridian.

County road at a point approximately 1,250 feet east of the west line, and approximately 1,610 feet north of the south line of Section 10, Township 2 south, Range 2 east, Willamette Meridian.

County road at a point approximately 2,130 feet west of the east line, and approximately 1,610 feet north of the south line of Section 10, Township 2 south, Range 2 east, Willamette Meridian.

County road at a point approximately 100 feet east of the west line and 1,610 feet north of the south line of Section 11, Township 2 south, Range 2 east, Willamette Meridian.

Damascus and Clackamas road at a point approximately 850 feet west of the east line of Section 11, Township 2 south, Range 2 east, Willamette Meridian.

Sunnyside road at a point approximately 2,450 feet north of the section corner between Sections 11, 12, 13 and 14, Township 2 south, Range 2 east, Willamette Meridian.

Damascus and Clackamas road at a point approximately 2,390 feet east of the west line of Section 12, Township 2 south, Range 2 east, Willamette Meridian.

Numerous other highway grade crossings, to which reference will be made later herein, are also set forth. In addition the application covers several railroad crossings, as will hereafter more fully appear.

Pursuant to notice, hearings were held at Portland and Milwaukie, and the Commission has inspected each of the proposed crossings personally, and the same have been viewed and a report made thereon by the Commission's engineer of its department of railways.

Owing to the topography of the country no opportunity is presented at many of these crossings for a separation of grades by the expenditure of any reasonable amount of money, nor can their construction reasonably be avoided. Permission, therefore, is granted to construct, at common grade, such of the crossings above listed as are not hereinafter specifically denied, or otherwise disposed of.

The construction plan of the railroad company contemplates an undergrade crossing at Bybee avenue, and, since the Act relating to the installation of crossings does not confer upon this Commission jurisdiction to grant or withhold its permission as to the construction of undergrade crossings, no application is necessary for permission to construct the crossing at that point.

Much of the applicant's line of railroad is now in operation. All of the crossings without the corporate limits of the city of Portland are constructed and in daily use. After having constructed said crossings applicant filed its application with this Commission seeking permission to do what it had already done. Chapter 275 of the General Laws of Oregon for the year 1913 expressly provides that all railroads hereafter constructed shall not cross highways at grade without first obtaining the consent of this Commission. Nowhere in the Act is authority granted to this Commission to ratify acts of a railroad company made in direct violation of the law, nor is there a statute granting unto this Commission authority to make legal acts committed in direct violation of the statutes of this State. In view of the fact that applicant has, in direct violation of the Act above referred to, constructed many crossings over and across highways at grade, no relief can be had from this Commission as to said crossings. In addition to applicant being charged with notice of the laws of this State, the Commission repeatedly, during the construction of this line, called to applicant's attention the necessity of first obtaining from this Commission permission to cross highways at grade, but applicant has not seen fit so to do.

The practice of railroad corporations constructing their lines over highways in direct violation of law, and then asking this Commission to approve their acts does not meet with approval. This Commission was not created for the purpose of lending its support to acts done in direct violation of the statutes of this State, nor will it knowingly do so.

The grades at the crossings so constructed excepting those hereinafter specifically set forth could not have been reasonably separated had application been made prior to their installation. Neither could the crossings have been avoided by changes in construction plans without involving the expenditure of larger sums of money than would have been justified under the conditions.

However, the crossings at the intersection of the railroad with the Damascus and Clackamas road at a point approximately 850 feet west of the east line of Section 11, Township 2 south, Range 2 east, Willamette Meridian; with the Sunnyside road at a point approximately 2,450 feet north of the section corner between Sections 11, 12, 13 and 14, Township 2 south, Range 2 east, Willamette Meridian;

and with the Damascus and Clackamas road at a point approximately 2,390 feet east of the west line of Section 12, Township 2 south, range 2 east, Williamette Meridian, could have been eliminated at the time of construction by a slight change of location of this railroad, involving very little, if any, additional expense. Further, these crossings are within a very short distance of each other, and owing to obstructions to the view, and manner of construction, are dangerous. Especially is this true of the Damascus and Clackamas road first described. At the present time with the railroad installed and in operation the crossings can be eliminated at a very reasonable expense. If an opportunity had been presented to this Commission to pass upon these crossings before the same were constructed, it would have unhesitatingly denied the applicant permission to cross at grade at these points.

While this application comes too late for permission to be granted for the construction of many of these grade crossings, the Commission is, however, granted authority to impose on railroads certain restrictions and regulations relating to the operation of their trains over highways, and, under this authority the Commission will require, as a necessary protection of the public, that all of the grade crossings, located without the corporate limits of the cities of Portland and Milwaukie, Oregon, shall be protected by the installation and maintenance at the several crossings of standard highway crossing warning signs, cattle guards and wing fences, and at a suitable distance therefrom, upon the railroad, standard whistling posts. In addition thereto, at the crossings at Holgate street, Foster road, and Oregon City and Clackamas road, as above described, and at the three crossings hereinbefore condemned as dangerous, and which can easily be eliminated, all engines, motors, trains and cars shall be brought to a full stop within fifty feet thereof, and shall not proceed thereover until it is ascertained that it is safe so to do; provided, in the case of Holgate street the carrier may, at its option, install and maintain an electric wigwag warning bell, of approved type, in lieu of such stop. The cost of the installation and maintenance of these protective devices and of the crossings yet to be installed, shall be borne by the applicant.

The application, as before stated, covers numerous other highway crossings not here specifically described. These highways are now crossed by the tracks of other railroad and street railway companies and this company contemplates securing the right to use their tracks. These tracks having heretofore been lawfully laid over these highways, it is unnecessary for this company to secure the permission of this Commission to operate over them.

The application also covers crossings with rail lines of the Portland Railway, Light and Power company on Third street, at its intersection with Madison street, on Grand avenue at its intersection with East Market street, on East Eleventh street at its intersection with East Caruthers street, on East Twelfth street at its intersection with East Caruthers street, on Clinton street at its intersection with East Twenty-second street, and on East Third street at its intersection with Hawthorne avenue, all in the city of Portland. Both companies having expressed their willingness to agree as to the points and manner of crossing, and the compensation to be paid by the applicant, the question before the Commission is whether it is reasonable and practical to avoid grade crossings, and the protection to be afforded if grade crossings can not be avoided.

The topography of the country is such that no reasonable opportunity is presented for a separation of grades at any of these points. Grade crossings in these instances will occasion the least probable injury upon the safety, welfare and interests of the public, and the rights of the company whose lines are to be crossed.

As a matter of protection, and safety of operation, the Commission finds the following practice and regulations to be safe, adequate and reasonable, and

**IT IS ORDERED** that such crossings shall be operated in conformity therewith, to-wit:

All motors, trains and cars of the applicant, before passing over any such crossings shall come to a full stop within fifty feet thereof, and shall not proceed thereover until it is observed that it is safe to do so.

In the Matter of the Petition for a County Road Crossing over the Track of the CENTRAL PACIFIC RAILROAD in Sections 16 and 17, Twp. 21 S., R. 3 E. of W. M. in Lane County, Oregon.

No. F-510

(ORDER ENTERED SEPTEMBER 15, 1916—P. S. C. ORDER NO. 124)

Seeking authority to construct a highway over and across a line of railroad owned by the Central Pacific Railroad Company (operated under lease by the Southern Pacific Company), at mile post 684, a point approximately one mile north of Oakridge, the County Court of Lane County brings this application as provided by Chapter 275 of the General Laws of Oregon for the year 1913.

A hearing has been held, the Commission has inspected the site of the proposed crossing, and the matter now stands fully submitted.

*Appearances:*

J. M. Devers, District Attorney, and J. S. Medley, deputy, for applicants.

Paul P. Farrens, attorney for respondent railroad company.

The road in question, at the present time, is designed for the accommodation of three or four families, and the traffic thereover will be very light and entirely local in character. The railroad sought to be crossed is now operated as a branch line, there being but one train movement in either direction each day. The topography of the country is such as to preclude a separation of grades at the proposed point of crossing by the expenditure of any reasonable amount of money. However, there is a tunnel on the railroad approximately 1,386 feet west of the proposed crossing. By a relocation of the highway so as to extend up over this tunnel, this grade crossing could be avoided. The expenditure of money required for carrying out such a project would not be large, and, in the opinion of the Commission would be fully justified in the event the traffic upon either the highway or railroad should be appreciably increased. Such an expenditure, however, is not justified by existing conditions. The topographical, agricultural and other conditions, are such that any increased traffic either upon the railroad or the highway must come from outside points. Should the line of railroad be constructed, as projected, through to a connection with the Klamath Falls branch of the respondent company, or should this local highway be connected up and become a part of a main county road, such a change in conditions would warrant the necessary expenditure of money to avoid a grade crossing at this point.

In view of the foregoing, and from a consideration of the entire record before it, the Commission finds it should not at this time require a separation of grades at this point, and therefore grants the right and privilege to cross at grade.

The permission herein granted, however, is conditioned upon the express understanding and agreement that such grade crossing shall be eliminated in case either the railroad or highway is connected up and becomes a part of a through route of travel as above set forth, and is granted with a specific reservation of the right of revocation for good cause shown, or in the event that it shall hereafter, by reason of other matters and things than those hereinbefore set forth, in the opinion of the Commission become necessary to require a separation of grades.

As a necessary warning and protection of the public the Commission requires the installation and maintenance at the crossing of standard highway crossing warning signs, cattle guards and wing fences, and at a suitable distance therefrom upon the railroad of standard whistling posts.

The cost of the installation and maintenance of such safety devices shall be borne by the railroad company. The cost of the installation and maintenance of the crossing shall be borne by the applicant, save and except that portion between the rails and extending a distance of eighteen inches on the outside thereof, which portion shall be constructed and maintained by the railroad company.

In the interest of safety, the Commission requires that the highway shall cross the railroad track at right angles, and shall extend at right angles thereto as far as is consistent, but in any event to beyond the right of way limits of the respondent company.

In the Matter of the Location and Establishment of  
County Road No. 664, Within Washington County,  
Oregon. } No. F-500

(ORDER ENTERED SEPTEMBER 18, 1916—P. S. C. ORDER NO. 125)

Application by the County Court of Washington County for permission to construct a highway over and across the main line of the Oregon Electric Railway Company near Nesmith Station.

A hearing was held and the Commission made an inspection of the site of the proposed crossing and the territory adjacent thereto.

**Appearances:**

D. B. Reasoner, County Judge, and B. Matteson, County Commissioner, for applicant.

C. A. Vermillion, superintendent, for Oregon Electric Railway Company.

The investigation develops that the road in question has been open and generally used by the public for a long period of time—probably in excess of thirty-five years. It was in existence and commonly used by the public before the railroad was constructed and the crossing installed, and in use before the statute clothing this Commission with jurisdiction over the establishment of grade crossings became effective. The occasion for the filing of the application herein is the formal laying out and opening of this road as a regularly dedicated county highway upon which public money may be expended.

It is clear the intent of the statute is to provide the Commission with power to prevent the construction of grade crossings, rather than to authorize it to require their elimination. The Commission, therefore, is without jurisdiction in this case, and the application must be dismissed.

It is with regret that the Commission finds itself confronted with conditions which leave no alternative but to take the action here taken. The crossing is extremely hazardous. In addition to the usual hazards inherent in a grade crossing, the condition at this point is further aggravated by reason of curvature in the railroad track, the density of traffic both upon the highway and the railroad, and the speed with which the trains are operated upon this line. The depot building at Nesmith and trees and underbrush adjacent to the right of way, in connection with the curvature of the track, greatly impair a free and open view. All trains being operated electrically detracts another factor of safety.

At a point approximately 800 feet westerly from the crossing there is a bridge under which the highway could pass. To accomplish this would require the construction of but a very short piece of road, involving no unusual engineering features, no heavy grading, nor other construction difficulties that would take it out of the category of the simplest kind of highway construction.

In the absence of authority to compel a separation of grades at this point, the Commission commends to the earnest consideration of the county and the railroad company the desirability of eliminating this crossing, and urges early action looking toward that end.

In the Matter of the Petition of VALLEY & SILETZ RAIL-  
ROAD COMPANY for Leave to Cross the Tracks of  
the Southern Pacific Company and Certain Streets  
and Highways in Independence, Polk County, at  
Grade. } No. F-514

(ORDER ENTERED SEPTEMBER 23, 1916—P. S. C. ORDER NO. 128)

Application by Valley & Siletz Railroad Company, brought under the provisions of Section 6900 of Lord's Oregon Laws, with relation to the crossing of the railway of the applicant over and across the railroad of the Independence & Monmouth Railway Company at the intersection of Ninth and "E" streets in the City of Independence, Oregon.



*Appearances:*

R. L. Donald, general manager, for applicant.

H. Hirschberg, president, for Independence & Monmouth Railway Company. From the records before it, and from the inspection made by the Commission, it appears that it is not reasonable and practicable to avoid a grade crossing, and that the crossing at grade at the intersection of Ninth and E streets, in Independence, Oregon, will occasion the least probable injury upon the safety, welfare and interests of the public, and upon the rights of the company owning the road which is intended to be crossed.

This finding is predicated upon the protection of this crossing by the installation, maintenance and operation of interlocking or other safety devices, of a type and design to be approved by this Commission, or in lieu thereof the stopping of all engines, motors, trains and cars, on either road, within 100 feet of such crossing, and the ascertainment by those in charge of such engines, motors, trains and cars, that it is safe so to do before proceeding thereover, and that such engines, motors, trains and cars shall not proceed over such crossing until proper signals have been given by whistle and bell.

Jurisdiction herein is retained for the purpose of passing upon the type and design of any interlocking or other safety device which the companies may elect to install under the provisions of this order.

In the Matter of the Application of the COUNTY COURT OF MARION COUNTY, State of Oregon, for Permission to Construct a Highway Across the Right of Way of the Oregon Electric Railway Company, a Corporation, at Fargo Station, at Grade.

No. F-509

(ORDER ENTERED SEPTEMBER 27, 1916—P. S. C. ORDER NO. 130)

Application by the County Court of Marion County, seeking authority to establish two grade crossings located respectively immediately at, and approximately 1,200 feet northerly of Fargo Station, on the Oregon Electric Railway Company's line of railroad extending from Portland, Oregon to Eugene, Oregon.

*Appearances:*

W. J. Culver, roadmaster, for County Court of Marion County.

C. A. Hart, attorney, for the Oregon Electric Railway Company.

The highways involved have been open and used generally by the public for long periods of time, the crossings having become necessary, and having been installed at the time of the construction of the railroad, several years prior to the time this Commission was given jurisdiction over the establishment of grade crossings. In order that public money may be spent in the improvement thereof, the county court has taken steps to formally open and dedicate these highways as regularly established county roads, and this application was brought under the belief that permission of this Commission was required before the roads could be formally opened up across the railroad.

The statute under which this proceeding is conducted contemplates that permission shall be obtained before a road is constructed over and across a railroad at grade, or conversely, a railroad over and across a highway. The intent of the Legislature clearly was to clothe the Commission with power to prevent the construction of new crossings at grade, rather than to provide for the elimination of those now in existence, and under the state of facts above set forth, this Commission is without jurisdiction in the premises and the application must be dismissed.

In the Matter of the SUMPTER VALLEY RAILWAY COMPANY. (Investigation on Commission's own motion.) } No. F-210

(ORDER ENTERED SEPTEMBER 27, 1916—P. S. C. ORDER NO. 131)

Under date of May 29, 1912, this Commission, upon its own motion, entered upon a general investigation of the intrastate rates, charges, classifications and regulations imposed and charged by the Sumpter Valley Railway Company in and for the transportation of freight and passengers over its line of railroad within the State of Oregon. Hearing was held July 30, 1912, and order was entered on September 6, 1912, relative to the lumber rates and certain passenger fares of said company. On January 22, 1913, upon petition of respondent, the Commission issued an order vacating and setting aside that portion of its former order which fixed a rate of \$2.50 per thousand feet, B. M., for the transportation of green lumber. It was further ordered at that time that this matter stand open upon the docket of the Commission as to all other matters involved in application of respondent for modification of the original order herein. Further hearing was had on the twentieth day of November, 1914, and the Commission having considered the submissions made at that time find that further proceedings in this case should be dismissed.

IT IS, THEREFORE, ORDERED that the above-entitled matter be and the same is hereby dismissed and closed upon the docket of the Commission.

In the Matter of the Valuation of the OREGON TRUNK RAILWAY. (Investigation on Commission's own motion.) } No. F-306

(ORDER ENTERED SEPTEMBER 27, 1916—P. S. C. ORDER NO. 132)

Investigation upon Commission's own motion to determine the value of the physical properties of the Oregon Trunk Railway.

It appearing that the Interstate Commerce Commission has entered upon the valuation of all the railroads of the United States, including the said Oregon Trunk Railway, which valuation, when completed, will serve the needs of this Commission,

IT IS, THEREFORE, ORDERED that the above-entitled matter be and the same is hereby dismissed.

In the Matter of the Application of OLSON BROTHERS LOGGING COMPANY for Authority to Construct an Overhead Crossing for a Logging Railroad Over the Established Railroad Now Operated and Maintained by the Spokane, Portland & Seattle Railway Company at a Point 670 Feet Northerly From Bridge No. 116-5 R of Said Road. } No. F-448

(ORDER ENTERED OCTOBER 11, 1916—P. S. C. ORDER NO. 133)

Under date of October 13, 1915, Olson Brothers Logging Company filed its application in the above matter, asking that the Commission designate the point and manner of crossing the tracks of the Spokane, Portland & Seattle Railway Company with its logging railroad.

It now appearing that the applicant has constructed its logging railroad in such a manner as to avoid this crossing, and there being no further need for continuing this matter upon the docket of the Commission,

IT IS ORDERED that the above-entitled matter be and the same hereby is dismissed.

JAMES C. EDMONDS, J. A. REAM, H. LEISMAN,  
Plaintiffs,

v.

JAMES AND ANNA DOWNEY, Defendants.

} No. U-F-162

(ORDER ENTERED OCTOBER 11, 1916—P. S. C. ORDER NO. 134)

Under date of March 11, 1916, the above-named plaintiffs filed a complaint, alleging that the service furnished by the defendants was inadequate, unreasonable and unjustly discriminatory. The defendants in their answer alleged, among other things, that negotiations were under way for the sale of their water plant to the City of West Linn, and the Commission, in view of such fact, delayed further action pending the outcome of such negotiations. The Commission now being informed that said sale has not been consummated, and it appearing that the complainants do not desire to prosecute their complaint,

IT IS ORDERED that the above-entitled matter be and the same hereby is dismissed.

In the Matter of the Application of SOUTHERN PACIFIC  
COMPANY for Permission to Establish a Rate of  
Fifteen Cents per 100 Pounds on Sugar, Carloads,  
Minimum Weight 60,000 Pounds, From Grants Pass  
to Portland and East Portland, Oregon.

} No. F-522

(ORDER ENTERED OCTOBER 19, 1916—P. S. C. ORDER NO. 137)

On the fifteenth day of September, 1916, the Southern Pacific Company, a Kentucky corporation, engaged in the transportation of freight and passengers as a common carrier between points within the State of Oregon, brought this application seeking the permission contemplated by Section 6926 of Lord's Oregon Laws, as amended by Chapter 93 of the General Laws of Oregon for the year 1911, which provides that the Commission may, for cause shown and after investigation, permit the establishment by a carrier of rates between points within the State of Oregon, which rates will result in the collection of a greater sum for a haul of a shorter than for a longer distance over the same line of railroad. Shortly thereafter, the railroad company filed a supplementary application, broadening somewhat the scope of the investigation, but in nowise altering the prayer of the original application.

*Appearances:*

For Southern Pacific Company: Ben C. Dey, General Attorney; W. F. Miller, Assistant General Freight Agent.

For Utah-Idaho Sugar Company: Orvin Morris, Traffic Manager.

The record discloses that the Utah-Idaho Sugar Company now has nearing completion a large beet sugar factory at Grants Pass, Oregon. Avoiding unforeseen accidents and delays this plant will be in operation in the immediate future—in all probability within the next thirty days. In order to move the output of this factory, the Southern Pacific desires to publish a rate on sugar in bags or barrels, carloads, of fifteen cents per hundred pounds, minimum weight of 60,000 pounds, and 20 cents per hundred pounds, with a minimum weight of 36,000 pounds, such rates to apply from Grants Pass to Portland and East Portland, and not to apply as a maximum at intermediate points. In addition the applicant desires to publish rates to other points upon its lines within Oregon, which will be made by adding a 10 cent arbitrary at a minimum weight of 36,000 pounds to the present local rate on sugar from Portland to the particular destination, observing minimum rate of 23 cents per hundred pounds; such rates, however, not to exceed the regular distance tariff rates from Grants Pass to destination.

These rates are necessary to permit the Utah-Idaho Sugar Company to enter the Portland and other markets upon the line of the Southern Pacific Company in Oregon in competition with sugar moving to Portland by water, and a refusal to permit their publication would greatly hamper the building up of an industry which means much to the welfare of the State.

Based on the foregoing and from a full consideration of the record before it, the Commission finds that sufficient cause exists for a deviation from the mandate of law that no rate shall be charged which will result in the collection of a greater sum for a shorter than for a longer haul over the same line, and,

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED that the Southern Pacific Company be and it hereby is authorized to publish, and upon the filing thereof, as provided by law, impose and collect rates on sugar in carload lots from Grants Pass to Portland and East Portland, and from Grants Pass to other points upon its lines within Oregon, which may be greater for a shorter than a longer haul; provided, the application of the rates herein authorized shall be confined solely to intrastate transportation between points within the State of Oregon.

Nothing herein contained shall be construed as approving any rate or rates that may be filed under this authority, all such rates being subject to attack, investigation and correction if found in anywise to be unjust, unreasonable or unjustly discriminatory, either upon complaint of a qualified complainant, or upon the Commission's own motion.

In the Matter of the Extension of Passenger Train Service of the SOUTHERN PACIFIC COMPANY From Cottage Grove to Drain. (Investigation on Commission's own motion.)

No. F-504

(ORDER ENTERED OCTOBER 19, 1916—P. S. C. ORDER NO. 138)

Under date of July 15, 1916, numerous residents of Drain, Leona, Anlauf, Comstock and vicinities filed petitions praying for the extension of local passenger train service of the Southern Pacific Company to Drain. Upon such petitions the Commission entered upon an investigation of the matters and things therein mentioned.

It now appearing that the Southern Pacific Company has revised its train schedule and extended its train service from Cottage Grove to Roseburg, thus substantially complying with the request of the petitioners, and it appearing that no further necessity exists for this Commission to continue its investigation herein,

IT IS ORDERED that the above-entitled matter be and it is hereby dismissed.

In the Matter of the Investigation of the Facilities of the SOUTHERN PACIFIC COMPANY for the Loading and Transportation of Freight in Carload Quantities, and Otherwise, in the State of Oregon. (Investigation on Commission's own motion.)

No. F-516

(FINDINGS AND RECOMMENDATIONS MADE OCTOBER 28, 1916—P. S. C. ORDER NO. 141)

The shippers of western Oregon, particularly those dependent upon the transportation facilities of the Southern Pacific Company (a common carrier doing business in the State of Oregon), being confronted with a distressing car shortage with no indications of any immediate relief, the Commission concluded to institute a proceeding with a view of determining what, if anything, could be done to ameliorate this condition.

Beginning early in the spring of 1916, this car shortage, with but temporary relief during April and May, had continued with increasing severity until many industries, because of lack of cars, were forced to either entirely suspend operations, or operate but a portion of the time, when in some instances, regular and continuous operation was absolutely essential to their continued existence.

Accordingly, on September 7, 1916, the Commission, on its own motion, entered upon an investigation of the service and facilities afforded by the Southern Pacific Company for the loading, transportation and delivery of freight in carload lots, and otherwise, at and between points within the State of Oregon. A public hearing thereon was set for September 20, 1916, due notice of which was given the respondent company, and the public generally. The Commission deemed certain information necessary to enable it to perform the duties incumbent upon it in the investigation of the subject matter under consideration and, therefore, by order required the respondent to furnish the following data:

1. Report of the length of time all freight cars, loaded and empty, have been held at junction points, division points and terminals within the State of Oregon during the period from July 1, 1916, to September 1, 1916.
2. A report of the time all freight cars have been held by shippers and receivers of freight within the State of Oregon during the period from July 1, 1916, to September 1, 1916, within the State of Oregon.
3. The number of average demurrage agreements and the length of time and number and kind of cars held under the same during the period from July 1, 1916, to September 1, 1916, within the State of Oregon.
4. The number and kind of system freight cars per mile of operated line over your entire system.
5. The number and kind of locomotives, with tractive power and tonnage rating, on your entire system.
6. The number and kind of cars assigned for use in Oregon for the years 1912 to 1916, inclusive.
7. The number and kind of locomotives assigned to Oregon for the years 1912 to 1916, inclusive.
8. The number and kind of freight cars and locomotives assigned to Oregon on account of the additional mileage added to your system in this State during the last four years.
9. The number and kind of freight cars and locomotives added to the equipment of your company in the State of Oregon during the last four years.
10. The number and kind of freight cars and locomotives added to the equipment of your company during the last four years over your entire system.
11. The number and kind of freight cars and locomotives retired in the State of Oregon during the last four years.
12. The number and kind of freight cars and locomotives retired over your entire system during the last four years.
13. A detailed statement of the rules and regulations under which cars have been distributed over your lines in Oregon during the last year.
14. Number of men employed and their powers and duties in your separate car service bureau in this State, if any, and upon whom does the responsibility for distribution and supply of freight cars rest.
15. A detailed statement of any pooling arrangement you may have with other transportation systems.
16. A detailed statement showing the number and kind of freight cars received on the lines of your company in Oregon, both empty and loaded, between August 20 and September 10, 1916, the points in Oregon to which such cars were distributed and shipped out, and commodities shipped therein.
17. A detailed statement of your equipment balance with connecting lines for the months of July and August, 1916.
18. The number and kind of freight cars in use both in Oregon and California, by states, between the fifteenth day of August and the first day of September, 1916.

The information so called for was furnished the Commission in the detail requested, with the exception of one or two instances where time limitations would not permit of the collation of complete data. However, in such cases, statements showing data, sufficient in extent and detail, to be fairly representative on the whole, were submitted.

Public hearings were held at Portland and Salem.

The testimony, owing to the nature of the matters involved, necessarily covered a wide scope, and in its endeavor to arrive at a complete understanding of the entire situation, the Commission has not been hampered with any technical objections concerning admissibility of evidence. It is not inappropriate at this point to state that the respondent company and shippers generally have met the Commission in a spirit of hearty cooperation, and have made an earnest effort to assist in ascertaining all the facts necessary to be given consideration in arriving at a just and equitable solution of this problem.

The main contentions in the investigation, as disclosed by the record, may be summarized as follows:

- I. That the supply of equipment owned by the respondent company is inadequate to meet the demands of the traffic.
- II. That the supervision of car distribution and movement is faulty and inefficient.
- III. That there is discrimination in the furnishing of cars.

These will be considered in the order named.

I. The shippers submitted that the fact the Southern Pacific Company is unable to supply cars to meet the demands is conclusive evidence that their car supply is inadequate. This was met by the company with the statement and contention that the cars owned by it are ample to meet all normal demands, but that because of a multitude of conditions, over which they have no control, it is unable to meet a temporary abnormal demand that is now being made upon it. In this behalf it urges and has submitted calculations showing that owing to its inability to force a return of its cars from connecting lines, the entire number of cars in its possession, both system and of foreign ownership, on September 1, 1916, was equal to only 86 per cent of the cars now owned by it. This condition, it alleges, is due in a large degree to congestion at Atlantic seaports resulting from enormous shipments of munitions and other commodities to Europe and the scarcity of ships engaged in that traffic. As further aggravating the condition, it was contended there exists an abnormal demand for railroad equipment due to the closing of the Panama Canal, and the withdrawal of ships from coastwise trade to engage in more remunerative foreign traffic. In addition, the company has placed large orders for lumber and other forest products with Oregon mills, and the movement of this tonnage, together with the annual fall movement of crops, has added to an already acute situation. These are matters, it was submitted, which are for a large part beyond the control of the carrier, and could not reasonably have been foreseen.

The interchange of equipment between carriers (with the exception of some of the minor roads) is, in all essential details, governed by rules prescribed by the American Railway Association, an organization composed of, and deriving its power from the carriers themselves. If these rules are such as to permit connecting lines to hold the equipment of an owning carrier to its detriment, as is here pleaded, and the owning carrier is without recourse, they should be amended. However, the present record is not sufficient on this point to support a specific recommendation as to the changes, if any are necessary, which should be made to accomplish the desired result. As to its Oregon connections, not operating under these rules, but rather being governed by the demurrage code established by this Commission, this matter will be given due consideration in the investigation to be conducted as hereinafter fully set forth.

The movement of company material, for the most part, can be foreseen. Tie, bridge and trestle renewals, as well as new construction requiring forest products, can ordinarily be anticipated far in advance, and there is no apparent reason why orders should not be placed for such material so as to permit its movement during times when cars are plentiful.

While it may be conceded that the war now being waged in Europe and the closing of the Panama Canal have had a decided effect upon transportation

In this country, yet we are not convinced that they should carry the entire blame for the present situation. A severe car shortage in the years 1903, 1904, 1905 and 1906 was one of the causes which led to the creation of this Commission, and each year since the shippers on the lines of the Southern Pacific Company, in Oregon, have experienced a shortage in a greater or less degree. This condition, it will be noted, for the most part existed during years upon which neither the European war, nor the closing of the Panama Canal could have a bearing. Since 1907, until the present year, however, these shortages, while aggravating, have not been of sufficient duration and severity to result in any considerable financial loss to Oregon industries. Still, they have, in the opinion of the Commission, constituted ample notice to the respondent of the inadequacy of its equipment. Further, during the month of October, of last year, the matter of the car situation in the State of Oregon was called to the attention of the Southern Pacific Company by this Commission, and the consideration of immediate steps to avoid the condition which now confronts the shippers of this State (which was foreseen at that time), was urged.

Following is a statement, by years, showing the acquisition of new, and retirement of old cars by the Southern Pacific Company, from June 30, 1907, to June 30, 1916:

	Cars on hand June 30, previous year	Added during year	Retired during year	Cars at close of year
1907 .....		65	616	25,474
1908 .....	25,474	1,882	1,687	25,669
1909 .....	25,669	1,218	1,422	25,465
1910 .....	25,465	3,109	1,648	26,926
1911 .....	26,926	2,858	847	28,937
1912 .....	28,937	30	762	28,205
1913 .....	28,205	2,687	954	29,938
1914 .....	29,938	2,678	800	31,816
1915 .....	31,816	1,609**	962	32,463
1916 .....	31,986*			

\* Includes cabooses and ballast cars.

\*\*Includes 1,545 cars designated as "other freight train cars," i. e., other than box, flat, stock, coal, tank or refrigerator cars.

**DETAIL OF EQUIPMENT ADDED AND RETIRED DURING THE YEARS  
1907 to 1915, INCLUSIVE.**

	Added	Retired	Net gain	Net loss
<b>1907</b>				
Flat .....	139	.....	139	.....
Box .....	.....	524	.....	524
Refrigerator .....	.....	4	.....	4
Coal .....	246	.....	246	.....
<b>1908</b>				
Flat .....	210	369	.....	159
Box .....	1,173	809	364	.....
Refrigerator .....	.....	.....	.....	.....
Coal .....	2	194	.....	192
<b>1909</b>				
Flat .....	72	245	.....	173
Box .....	1,078	1,101	.....	23
Refrigerator .....	.....	2	.....	2
Coal .....	50	23	27	.....
<b>1910</b>				
Flat .....	714	413	301	.....
Box .....	2,119	1,200	919	.....
Refrigerator .....	.....	2	.....	2
Coal .....	263	19	244	.....
<b>1911</b>				
Flat .....	598	463	135	.....
Box .....	1,258	353	905	.....
Refrigerator .....	.....	2	.....	2
Coal .....	750	8	742	.....
<b>1912</b>				
Flat .....	20	276	.....	256
Box .....	9	248	.....	239
Refrigerator .....	.....	2	.....	2
Coal .....	.....	24	.....	.....
<b>1913</b>				
Flat .....	562	596	.....	34
Box .....	2,006	329	1,677	.....
Refrigerator .....	.....	2	.....	2
Coal .....	5	7	.....	2
<b>1914</b>				
Flat .....	252	341	.....	89
Box .....	1,500	404	1,096	.....
Refrigerator .....	.....	10	.....	10
Coal .....	601	8	593	.....
<b>1915</b>				
Flat .....	6	268	.....	262
Box .....	5	463	.....	458
Refrigerator .....	.....	15	.....	15
Coal .....	13	54	.....	41
			7,388	2,514



**DETAILED COMPARISON OF EQUIPMENT OWNED JULY 1, 1915  
AND JULY 1, 1916**

	July 1915	July 1916*	Gain	Loss
Total box .....	15,015	14,514	....	501
Automobiles .....	893	891	....	2
Combination .....	931	884	....	47
Stock .....	2,408	2,154	....	254
Furniture .....	274	162	....	112
Refrigerator .....	145	127	....	18
Fruit .....	545	487	....	57
Flat .....	5,404	5,388	....	16
Plain gondolas .....	951	941	....	10
Hopper bottom gondolas .....	825	578	....	247
Drop bottom gondolas .....	809	831	24	....
Logging flats .....	5	4	....	1
Logging .....	400	400	....	....
Ballast .....	1,942	1,845	....	97
Caboose .....	496	490	....	6
			24	1,378

\* Includes Salem, Falls City & Western, Corvallis & Eastern, and Portland, Eugene & Eastern.

	<i>Net loss</i>
Southern Pacific .....	1,354
Salem, Falls City & Western.....	99
Corvallis & Eastern .....	77
Portland, Eugene & Eastern.....	145
Net loss for year .....	1,675

The cars per mile of line, and the density of traffic, on the line of the Southern Pacific Company, as compared with other transcontinental railroads serving the Pacific Coast, are shown by the following tables, for the years 1912, 1913 and 1914, which have been taken as representative years.

1912

	Atchafalpa, Tupelo & Santa Fe	Great Northern	Northern Pacific	Chicago, Burlington & Quincy	Southern Pacific	Union Pacific System
Average mileage operated during year .....	7,867.93	7,367.31	6,025.09	9,074.34	6,220.31	7,149.07
Freight cars .....	49,476.00	47,640.00	43,220.00	55,726.00	28,205.00	29,713.00
Freight cars per mile of road operated .....	6.29	6.47	7.17	6.14	4.53	4.16
Number of tons carried one mile .....	5,627,903,213.00	6,227,714,227.00	5,051,181,481.00	7,675,979,757.00	4,321,109,514.00	5,872,315,623.00
Number of tons carried one mile per mile of road .....	715,297.00	845,317.00	838,358.00	845,900.00	694,678.00	821,409.00
Average receipts per ton per mile .....	\$0.01047	\$0.00769	\$0.00867	\$0.00752	\$0.01224	\$0.00978
Average number of tons of freight per loaded car mile .....	14.62	21.94	18.95	18.20	17.01	18.00
Average number of tons of freight per train mile .....	326.44	601.11	510.54	437.75	430.11	436.82
Average distance haul of one ton—miles .....	323.85	226.11	289.37	254.92	220.52	294.08
Average ton miles per car per year .....	113,750.00	130,724.00	116,871.00	137,745.00	153,204.00	197,635.00
Average ton miles per loaded car trip .....	4,734.00	4,961.00	5,484.00	4,640.00	3,751.00	5,293.00
Average loaded trips per car per year .....	24.00	26.40	21.30	29.70	40.80	37.30
Empty divided by loaded freight car miles .....	.36	.33	.29	.43	.39	.33

1913

	Atchafalaya, Topeka & Santa Fe	Great Northern	Northern Pacific	Chicago, Burlington & Quincy	Southern Pacific	Union Pacific System
Average mileage operated during year .....	8,218.27	7,684.43	6,259.85	9,109.51	6,818.61	7,848.97
Freight cars .....	52,862.00	53,594.00	46,988.00	55,735.00	29,938.00	32,171.00
Freight cars per mile of road operated .....	6.43	6.97	7.50	6.12	4.74	4.38
Number of tons carried one mile .....	6,267,811,193.00	7,634,056,449.00	6,232,168,647.00	8,791,435,397.00	4,754,805,067.00	6,650,452,026.00
Number of tons carried one mile per mile of road .....	762,668.00	993,445.00	995,578.00	965,083.00	752,508.00	906,310.00
Average receipts per ton per mile .....	\$0.01030	\$0.00765	\$0.00839	\$0.00729	\$0.01185	\$0.00957
Average number of tons of freight per loaded car mile .....	15.55	23.02	19.74	19.10	17.78	18.56
Average number of tons of freight per train mile .....	350.36	634.32	571.62	483.83	431.12	456.03
Average distance haul of one ton—miles .....	296.61	237.02	292.79	263.30	232.01	302.23
Average ton miles per car per year .....	118,569.00	142,442.00	132,633.00	157,736.00	158,822.00	207,033.00
Average ton miles per loaded car trip .....	4,612.00	5,226.00	5,789.00	5,029.00	4,125.00	5,669.00
Average loaded trips per car per year .....	25.70	27.20	23.00	31.40	38.50	36.90
Empty divided by loaded freight car miles .....	.36	.38	.29	.43	.39	.33

1914

	Albion, Toledo & Santa Fe	Great Northern	Northern Pacific	Chicago, Burlington & Quincy	Southern Pacific	Union Pacific System
Average mileage operated during year .....	8,345.79	7,779.78	6,325.26	9,139.63	6,456.66	7,597.12
Freight cars .....	54,591.00	55,278.00	48,974.00	65,157.00	31,816.00	37,211.00
Freight cars per mile of road operated.....	6.54	7.11	7.74	7.13	4.93	4.90
Number of tons carried one mile .....	5,893,379,432.00	6,930,295,709.00	5,629,351,427.00	8,612,629,607.00	4,726,481,407.00	6,457,527,157.00
Number of tons carried one mile per mile of road .....	706,150.00	890,809.00	889,979.00	942,333.00	732,032.00	849,997.00
Average receipts per ton per mile .....	\$0.01037	\$0.00794	\$0.00854	\$0.00729	\$0.01167	\$0.00976
Average number of tons of freight per loaded car mile .....	15.75	22.44	19.64	19.08	17.58	18.27
Average number of tons of freight per train mile.....	357.15	662.63	566.91	478.57	430.62	448.87
Average distance haul of one ton—miles .....	278.60	224.59	275.65	265.91	232.58	293.07
Average ton miles per car per year .....	107,955.00	125,370.00	114,945.00	132,183.00	148,556.00	173,538.00
Average ton miles per loaded car trip.....	4,309.00	5,040.00	5,414.00	5,074.00	4,089.00	5,354.00
Average loaded trips per car per year .....	24.80	24.80	21.20	28.00	36.60	32.40
Empty divided by loaded freight car miles .....	.39	.43	.41	.47	.42	.36

MILES OF ROAD OPERATED AND CARS OWNED BY THE ROADS NAMED FOR THE  
YEARS 1912 TO 1916, INCLUSIVE

	Miles Operated	Cars per mile of road	Stock	Box	Refrig- erator	Flat and gondola	Tank	Other cars	Total
<b>1912</b>									
Southern Pacific .....	6,309.76	4.48	2,444	15,436	172	8,340	1,933	3,377	28,205
Great Northern .....	7,482.36	6.37	1,910	30,468	1,109	5,776	.....	8,377	47,640
Northern Pacific .....	6,420.02	6.73	2,562	23,846	1,553	13,381	17	1,361	43,230
Burlington .....	9,074.10	6.31	6,481	29,597	2,462	16,985	113	88	55,738
Canadian Pacific .....	10,983.00	5.60	3,534	43,552	1,501	11,333	178	1,348	64,446
Sante Fe .....	8,200.86	6.03	3,302	27,831	.....	11,786	2,139	4,428	49,476
<b>1913</b>									
Southern Pacific .....	6,333.75	4.70	2,425	17,103	170	8,304	2,086	.....	29,988
Great Northern .....	7,750.18	6.91	1,879	32,777	2,496	6,297	.....	10,145	53,594
Northern Pacific .....	6,683.59	7.02	2,490	24,957	3,462	14,141	76	1,862	46,988
Burlington .....	9,128.51	6.11	7,295	27,773	2,313	13,151	113	85	55,735
Canadian Pacific .....	11,601.70	6.31	3,680	59,232	1,817	12,470	194	1,632	79,085
Sante Fe .....	8,237.55	6.42	3,221	31,131	.....	11,738	2,327	4,455	52,862
<b>1914</b>									
Southern Pacific .....	6,491.62	4.90	2,542	18,199	160	8,708	2,207	.....	31,816
Great Northern .....	7,802.66	7.09	1,842	33,590	2,833	6,756	.....	10,257	55,278
Northern Pacific .....	6,665.46	7.34	2,702	26,358	4,080	13,990	62	1,782	48,974
Burlington .....	9,263.86	7.03	7,534	30,958	2,997	23,372	213	83	65,157
Canadian Pacific .....	12,044.20	7.32	4,037	67,677	1,802	12,759	209	1,606	88,090
Sante Fe .....	8,339.72	6.54	3,147	31,937	1,802	12,292	2,371	4,844	54,591
<b>1915</b>									
Southern Pacific .....	6,240.00	4.97	2,429	15,977	691	8,414	2,294	1,169	30,974
Great Northern .....	8,077.00	6.90	1,826	30,959	3,812	17,310	.....	1,980	56,887
Northern Pacific .....	6,376.00	7.60	2,545	26,016	4,054	15,053	62	682	48,412
Burlington .....	9,377.00	7.21	7,903	31,937	2,995	24,536	213	28	67,412
Canadian Pacific .....	13,702.50	7.17	4,104	68,479	1,781	15,481	209	1,070	91,134
Sante Fe .....	8,687.65	6.48	7,519	30,613	.....	15,309	2,907	.....	56,238
<b>1916</b>									
Southern Pacific .....	7,000.51	4.05	2,035	15,399	589	8,048	2,293	.....	28,364
Great Northern .....	8,101.00	6.94	2,264	33,196	3,801	17,018	.....	.....	56,279
Northern Pacific .....	6,333.00	7.48	2,399	26,200	4,035	14,869	62	.....	47,365
Burlington .....	9,360.00	6.98	7,419	30,333	2,929	24,115	213	.....	65,809
Canadian Pacific .....	13,301.00	6.75	4,016	67,186	2,272	16,125	209	.....	89,808
Sante Fe .....	8,634.00	6.64	7,845	31,107	.....	15,387	2,913	.....	57,232

NOTE.—Following segregation of cars has been used: Box, Flat, Stock, Coal, Tank, Refrigerator, and "Other Cars." It will be observed that the Southern Pacific does not show any "other cars" so they are distributed under other heads. In the above statement, Flats and Gondolas are under one head, Coal and such like being included. For 1915 and 1916, Furniture, Vehicle and Auto Cars are included under "Box."

It was contended by the carrier that on account of the increased weight and space loading capacity of equipment, a less number of cars are required. While there may be some merit in this contention, it is not clear to the Commission that this reasoning can logically be applied in all cases, due to the commercial requirements and nature of commodities moved not being such as to permit of full weight or space loading of these large capacity cars.

In this connection it was also contended by the carrier that its ownership of fifty per cent of the equipment of the Pacific Fruit Express Company, amounting to 6,500 cars, should be taken into consideration, as these cars are available for loading on its lines. The testimony offered at the hearing developed, however, that the greater amount of the tonnage affected by the car shortage in this State is of such nature that box and open cars are required and for which refrigerator cars are not adapted.

Much stress was laid on the abnormal demands which have been made upon the carriers by reason of the extraordinary conditions prevailing abroad, and the closing of the Panama Canal. The demands which are annually made upon the carriers to move seasonal crops have also been included under this appellation. The position was taken that the company is not justified in tying up capital, upon which the shipping public must pay interest, in equipment, which for a greater part of the year must lie idle for lack of tonnage offerings. This is the first time this Commission has been confronted with a claim that a public utility should not be required to furnish equipment sufficient to take care of its peak load. All other utilities, which come under the jurisdiction of the Commission, have universally contended that it was not only necessary for them to develop their capacity up to the peak demands upon their systems, but, in addition, to provide a standby service to take care of any emergency, or unexpected demand that might arise. The fairness of this contention has been recognized repeatedly by this Commission, and without exception, so far as we have been able to determine, by all other commissions throughout the United States exercising similar jurisdiction. The justness and reasonableness of such action seems to be fully established by the condition now confronting our shippers because the Southern Pacific Company has not seen fit to follow a like procedure. It goes without saying a return on this investment should be allowed, provided, always, the earning of such a return does not necessitate the imposition of rates which are unjust or unreasonable for the service rendered. No claim is made by the respondent that its financial condition is such as to defeat an attempt on its part to provide this needed equipment. On the contrary, the record shows that in addition to paying its regular six per cent annual dividends, it has created a surplus of \$41,270,570.94, during the last four years.

II. In support of the contention that the supervision of car distribution and movement is faulty and inefficient, testimony was introduced by shippers which tended to show there was no officer or employee known to them, upon whom the responsibility for the handling of car orders could be placed; that orders for cars were being placed in the regular way, and then, as the conditions became more and more acute, shippers in an endeavor to have their orders filled, or gain some knowledge as to what could be expected would apply to some officer or agent of the company, irrespective of the position he occupied, being guided only by a personal acquaintance with the individual applied to, or by the fact that a former appeal to that particular person had obtained the desired results. The different witnesses who testified upon this point were positive in their statements that they had been unable to ascertain the responsible head with whom such matters were to be taken up. For some an appeal to the Assistant General Manager seemed to produce the best results; others found the General Freight Agent, or Assistant General Freight Agent, in a position to lend the most assistance, and still others had found greater success to lie in an appeal to the Superintendent, or even the trainmen. On the whole, the car distribution organization seemed to have been scattered throughout the traffic and operating departments, and a distribution bureau existed only in name. While the position of car distributor existed, it was filled by a subordinate, in the office of the Superintendent, whose authority could not be ascertained, and whose duties, apparently, were chiefly of a clerical nature.

It is further charged that the company does not exercise reasonable supervision in the distribution of equipment. This is supported by testimony to the

effect that cars are forced to lie idle at one industry because the cars supplied are in excess of facilities for loading, while a neighboring industry must lie idle for want of cars. The following day the condition at the respective industries may be reversed.

That there is an unnecessary delay in the loading of cars by shippers, occasioned by the lack of routing instructions, was also asserted. It was pointed out that foreign cars, under rules fixed by mutual agreement of the various carriers, when made empty must be loaded for destinations which will carry them to, or toward the owning line, with a further provision that the car owner shall have the right to demand the return of his empty cars at the junction point where delivered loaded; that the shipper, not being aware of the route these cars must take on their return movement, is compelled to await instructions from the railroad company, as this information can only be obtained from that source. Meanwhile the cars must stand empty upon the sidings of the industries oftentimes for days, not only depriving the shipping public of their use, but interfering with the switching and prompt handling of other equipment destined to and from the industries.

Complaint was also made that loaded cars waiting on sidings to be moved would not be picked up promptly by train crews, and on branch lines having but one freight train movement in either direction each day, this resulted in at least a twenty-four hour delay.

These several contentions were not met by the company and may be considered as proven. However, it was shown to the satisfaction of the Commission that the neglect of train crews to pick up cars when loaded and ready to be moved was due largely to the operation of the Federal sixteen hour law and the tonnage rating of motive power assigned to this service. This is purely an operating matter and could and should be met by the carrier.

The company introduced a large amount of testimony as justification for and as a counter claim to the contentions of the shippers on this second general phase of the investigation, their claim being that they alone were not responsible for all the delays, but on the contrary, the shippers were equally at fault. In this connection, the position was taken that the demurrage rules prescribed by this Commission were not adequate to accomplish the purpose for which they were designed—that the demurrage rate is too low, and that under the operation of the average agreement it is impossible to secure the most efficient use of equipment.

The present demurrage rate prescribed by this Commission for the detention of cars after the first forty-eight hours, which is the free time allowed, is \$2.00 per day. This rate, the respondent urges, is too low. However, on interstate shipments, the carrier maintains a corresponding demurrage rate of \$1.00 per day. This interstate demurrage rate was fixed by the free and voluntary act of the carrier and is now maintained notwithstanding the fact it can be changed by the carrier, at will, on legal notice (provided, of course, the Interstate Commerce Commission does not suspend the tariff by which the change is made). Further, the company has voluntarily established and maintains a provision in its demurrage tariff that all interstate freight, in carloads, received at California ports destined for ocean shipment to all points on the Pacific and Atlantic coasts of North, South and Central America, other than Alaskan points, a free time allowance of five days will be made, and on all shipments for trans-Pacific movement, or for shipment to Alaskan ports, no demurrage will be charged during the time cars are held at ports of exit awaiting unloading. No free time limit is placed on such freight handled through Oregon ports. To be entirely consistent in this position that a higher demurrage rate and the abolition of the average agreement is an important factor in the solution of this problem, it would appear that the respondent company should take immediate steps to put in interstate demurrage rates and regulations which would meet the requirements. This is especially true in view of the fact that the greater portion of the traffic moving over the lines of the Southern Pacific Company in Oregon is interstate in character.

We are not inclined, however, to permit this phase of a matter, which is of such vital importance to the shipping public of the State of Oregon, to pass without further consideration. The testimony discloses that the rates of demur-

rage and the operation of the average agreement have an important bearing on this problem—so important, in fact, that the Commission has become satisfied that sufficient grounds exist to warrant an investigation being made to determine whether the present demurrage code, as prescribed by this Commission, in view of all the conditions now found to exist in this State, is reasonable or unreasonable, just or unjust, or in anywise unjustly discriminatory in any respect. Such an investigation will immediately be instituted by the Commission upon its own motion.

The carrier also urged that shippers were refusing to load or unload cars on Sunday, such refusal resulting in decreased efficiency of the available equipment. To meet this a showing was made that train schedules were such, especially on branch lines, that Sunday loading would have but a negligible effect upon the situation. This brought forth an offer on the part of the carrier to provide the necessary Sunday train service to adequately meet the situation, in case a demand was created for it.

In times of stress, unusual and extraordinary measures should be taken to meet the conditions, and any reasonable action which will result in temporary or lasting relief should be taken.

On the question of loading and unloading cars the following table, showing the percentage of cars held overtime in Oregon as compared to California, Arizona and New Mexico—the other states over which the Pacific Car Demurrage Bureau has jurisdiction—has been compiled from the record. The months of February, March, April and May, 1916 (during the first two of which a car shortage existed in Oregon) have been taken as representative.

#### PERCENTAGE OF CARS HELD OVERTIME

	California Per cent	Arizona Per cent	New Mexico Per cent	Oregon Per cent
For loading .....	.64	1.39	3.36	8.67
For unloading .....	2.82	3.25	7.78	9.86
For reconsignment .....	5.66	14.01	8.00	11.66
For all cars .....	1.74	3.55	4.06	8.37

It is evident from an analysis of this table that Oregon shippers, as a whole, are not entirely blameless for the acuteness of the present car shortage. On the contrary, they are open to severe censure on the manner in which cars have been handled while in their possession, and the Commission can not too strongly urge immediate action on the part of shippers to rectify this condition.

III. The last of the main contentions was the matter of discrimination. This discrimination was contended to be of two kinds: (a) between industries within this State and (b) between industries within this State and those located in California. On the first point it is claimed that orders for cars are filled in accordance with the number of cars ordered, and without reference to the needs of the shipper, thus permitting an unscrupulous patron by ordering in excess of his needs, to obtain more than his just pro rata of equipment. Defending on this contention, the carrier urges that it has no adequate means of ascertaining the needs of the respective shippers, and to require it to do so would subject it to a burden which it should not be called upon to carry; that it endeavors to learn the output of the various industries which it serves, and that this information is used to a greater or less degree in the distribution of equipment.

This procedure is not systematically carried out, and is an incidental, rather than a determining factor in the filling of car orders. While it may be sufficient under ordinary circumstances, the Commission is of the opinion it is wholly inadequate in times of car shortage. It is obvious this is a matter that necessitates the use of judgment, but when the necessities demand this Commission can see no inconsistency in the establishment of rules and regulations which would throw the burden upon the shipper to show that his car orders covered only his needs, and when such showing has been made the patron should be entitled to demand a distribution of cars which results in no unjust discrimination.

Some testimony was introduced on the question of discrimination between Oregon and California industries. The position was taken that California industries were not suffering in the same degree from the car shortage as those in Oregon. This was met with a flat denial.



A study of the record discloses a condition which may be set forth clearly by the following table:

## CARS HANDLED AUGUST 15 TO 31, 1916

	Oregon	California
Box .....	2,102	15,944
Gondolas .....	648	5,142
Flats .....	1,226	5,371
Total .....	3,976	26,507

Cars handled in California 6.67 times greater than in Oregon.

## CARS LOADING, FEBRUARY TO MAY, INCLUSIVE, 1916

	Oregon	California
Free time .....	15,195	153,893
Overtime .....	1,318	919
Total .....	16,513	154,812

Cars loading in California 9.38 times greater than in Oregon.

## SHORTAGE SEPTEMBER 1, 1916

	On days loading	Accumulated shortage
Oregon .....	538	1,500
California .....	1,891	5,000

This table has been compiled from testimony and exhibits submitted by the respondent, and the conclusions to be drawn therefrom, we believe, are obvious.

The question of the opening of the Portland gateway to northern routes was brought up as a measure which would afford relief. In this regard, the company announced that while it was believed it was doubtful if such action would have any considerable bearing on the question here under consideration, an interchange of this kind was looked upon with favor and negotiations for that purpose were now under way.

This action on the part of the respondent is a concrete illustration of the desire, which was so apparent throughout this investigation, to cooperate in the solution of this problem. The Commission takes this opportunity to tender to the company any assistance it may be able to lend in this behalf.

In view of the earnest desire manifested by the carrier to cooperate with the Commission and the shippers in the solution of this problem, no formal action will be taken at this time other than the submission to the company for their consideration and acceptance, or rejection, of the following suggestions and recommendations:

1. That active steps be taken by the company to compel the return of their equipment from connecting lines within a reasonable time, and if under the present rules they are without recourse, a determined effort be made to have such rules amended.
2. That arrangements be made to move all company material possible during times when no car shortage exists.
3. That immediate action toward acquiring an adequate supply of new equipment, especially box and flat cars, and necessary motive power, be taken.
4. That a car distribution bureau, in charge of an officer with authority to act, and supplied with a sufficient force to handle the situation, be established at Portland, Oregon, or an equally advantageous point, at once. By "a sufficient force" is contemplated not only clerical and other assistance necessary to handle the office work in all its details, but a corps of inspectors, or special agents, who will continually be in the field, lending assistance wherever possible, and keeping the bureau supplied with first-hand information as to the conditions existing.
5. That the proper steps be taken to insure routing instructions, where necessary, being delivered immediately upon cars being spotted, and to prevent the placing of more cars than can be loaded within a reasonable time.
6. That necessary steps be taken to prevent loaded cars remaining on sidings after the passage of the first local freight train in the direction in which the shipment is to move.

7. That all interstate demurrage rates be increased to the basis of intrastate rates, and that all free time on interstate export shipments, after the first five days, be abolished.

8. That rules and regulations be established which will prevent discrimination in the furnishing of cars due to the manipulation of car orders.

9. That the discrimination now existing between Oregon and California industries be removed at once.

H. R. KAUFFMAN, H. W. VOLLMER, C. E. HAWKE, CHAS.  
HINES, D. W. WARD, E. B. BROOKBANK, J. S. BISHOP,  
AND QUENTIN TUCKER, Plaintiffs,

v.

INDEPENDENT TELEPHONE COMPANY, Defendant.

} No. U-F-172

(ORDER ENTERED OCTOBER 31, 1916—P. S. C. ORDER NO. 143)

Under date of August 14, 1916, above named plaintiffs filed a complaint alleging that the service afforded by the Independent Telephone Company at Forest Grove was inadequate and unsatisfactory. Subsequent thereto and on the twenty-third day of October, 1916, the said plaintiffs filed an application for the dismissal of their complaint, stating that the cause of complaint had been removed. It appearing that no further necessity exists for continuing this case upon the docket of the Commission,

IT IS ORDERED that the above-entitled matter be and the same is hereby dismissed.

In the Matter of the Application of the GREAT NORTHERN  
EXPRESS COMPANY for Authority to Increase Rates  
on Fruit and Vegetables by Express From Tigard  
and Tualatin to Salem and Charge Greater Rates  
for Lesser Than for Longer Distances Between  
Portland and Salem.

} No. F-508

(ORDER ENTERED NOVEMBER 6, 1916—P. S. C. ORDER NO. 144.)

Under Section 6926 of Lord's Oregon Laws, as amended by Chapter 93 of the General Laws of Oregon for the year 1911, which provides that the Commission may, for cause shown, and after investigation, permit the establishment by a carrier of rates between points within the State of Oregon, which rates will result in the collection of a greater sum for a haul of a lesser than for a greater distance over the same line of railroad, the Great Northern Express Company filed an application for authority to increase its rates on fruit and vegetables from Tigard and Tualatin to Salem and charge greater rates for lesser than for longer distances between Portland and Salem.

**Appearances:**

For Great Northern Express Company—C. H. Quirnbach, Superintendent of Traffic; I. Waring, Superintendent.

The Commission being fully advised, from the record finds that sufficient justification for waiver of the provisions of the long and short haul clause has not been shown, and that the application herein should be denied.

IT IS, THEREFORE, ORDERED, that the application of the Great Northern Express Company in the above entitled matter be and it is hereby denied.

In the Matter of the Investigation and Suspension of Advances in Minimum Carload Weights by OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY for the Transportation of Potatoes and Onions in Mixed Carloads and Potatoes in Straight Carloads Within the State of Oregon.

No. F-503

(ORDER ENTERED NOVEMBER 22, 1916—P. S. C. ORDER NO. 147.)

Effective August 15, 1916, the Oregon-Washington Railroad & Navigation Company filed Supplement No. 14 to its Tariff No. 353, containing schedules which increased the minimum weights applicable on shipments of potatoes and onions in mixed carloads and potatoes in straight carloads within the State of Oregon from 30,000 to 36,000 pounds.

Under date of August 2, 1916, an order was issued postponing the effective date of that portion of the above named supplement to Tariff No. 353 which named the 36,000 pound minimum on potatoes and onions, and ordering that the use of the regulations and practices therein stated be deferred upon Oregon intrastate traffic until the fifteenth day of November, 1916.

On September 20, 1916, the carrier signified its willingness to establish a modified schedule of minimum weights, said modified schedule to name a minimum weight of 36,000 pounds for the period November 1 to April 1, and a minimum weight of 30,000 pounds from April 1 to November 1. This was submitted to complaining shippers and on September 30 they expressed their willingness to give the modified minimum weights a trial, these new minimums having been established in the State of Washington, and the advance to 36,000 pounds on interstate shipments having been allowed to become effective as originally published.

There appearing to be no further necessity for continuing this case upon the docket of the Commission.

IT IS ORDERED that the above entitled matter be and it is hereby dismissed without prejudice.

In the Matter of the Petition of COLUMBIA & NEHALEM RIVER RAILROAD for Leave to Cross a Public Highway at Grade in Columbia County.

No. F-521

(ORDER ENTERED DECEMBER 1, 1916—P. S. C. ORDER NO. 148.)

On January 9, 1914, the Columbia & Nehalem River Railroad filed with this Commission an application as contemplated by Chapter 275 of the General Laws of Oregon for the year 1913, seeking permission to cross at grade with its line of railway certain public highways in Columbia County. Thereafter on April 27, 1914, the applicant filed an amended petition, differing only from the original application in that it widened the scope of the investigation by including certain crossings not theretofore covered. Pursuant to hearing and inspection of the proposed crossings by the Commission, an order was entered on May 6, 1914, granting the permission sought with respect to all crossings involved with the exception of that certain crossing located at Engineers Survey Station 986 plus 50.6. The consideration of so much of the application as related to this crossing was, with the consent of the Commission, temporarily withdrawn by the applicant, it reserving the right to again present the question involved at this crossing to the Commission for consideration upon a new application. This action was taken by the applicant, and permitted by the Commission, upon a showing that there was a likelihood of the railroad and the county court of Columbia County being able to agree upon a plan for a separation of grades at this point by the installation of an overhead or undergrade structure.

Later, the company and the county having failed to agree, the railroad company apparently laboring under a misapprehension, and believing no further action was necessary on its part, constructed and put this crossing in operation. Subsequently an application seeking authority to cross at grade was filed.

Upon this application, testimony was taken by deposition and an inspection of the crossing made by the Commission. The matter having been fully submitted, now comes on for final determination.

*Appearances:*

For Applicant—A. S. Kerry, Its President, and Veazie, McCourt & Veazie, Its Attorneys.

For Columbia County—A. E. Harvey and Judson Weed, County Commissioners.

The statute which clothes this Commission with jurisdiction over grade crossings between railways and highways clearly contemplates the permission of the Commission shall be obtained before the crossing is constructed. Nowhere are we able to find in the Act anything which would authorize the Commission to ratify the construction of a crossing when permission for its installation was not first obtained.

In this case the topography of the country is such as to lend itself to the construction of either an undergrade or overhead structure over which the highway traffic could pass, and which, of course, from the standpoint of safety would be the ideal situation. However, it is very questionable if the Commission would have been justified in requiring such a separation of grades had the application been filed as it should have been. The traffic both on the highway and the railroad (which is primarily a logging railroad) is light, it being estimated there is not to exceed two vehicles per day on the highway passing over the crossing. The railway operations amount to but four trains per day in either direction. Relocation of the highway to permit the highway traffic to pass under the railway, or the construction of an overhead structure does not seem to be justified on account of the infrequent use of the crossing, and the expense which would be entailed. A grade crossing, such as was constructed, would appear to present the only plan of crossing which would be justified, and if provided with adequate safeguards seems to be the only practicable solution of the problem.

While this application comes too late for the Commission to grant permission for the construction of this crossing at grade, it is authorized to prescribe necessary warning and safety devices for the protection of the public at such crossings and under this grant of authority the Commission finds, and it is hereby ordered that as a necessary warning and protection of the public the applicant shall bring all of its trains, cars and engines to a full stop within fifty feet of this crossing, and shall not proceed thereover until it is ascertained it is safe so to do. In addition, the company shall install and maintain at the crossing a standard highway crossing warning sign. Compliance with this order, the Commission believes, will render this crossing reasonably safe, and adequately protected against accident, at least until the traffic has assumed much greater proportions than now seem likely in the immediate future.

**MONITOR WAREHOUSE COMPANY, a Corporation, and  
MOLALLA GRANGE No. 310, PATRONS OF HUSBANDRY,  
a Farmers' Organization, Plaintiffs,**

*v.*

**SOUTHERN PACIFIC COMPANY, a Corporation, and WIL-  
LAMETTE VALLEY SOUTHERN RAILWAY COMPANY, a  
Corporation, Defendants.**

No. F-463

(ORDER ENTERED DECEMBER 1, 1916—P. S. C. ORDER NO. 149.)

Complaint involving the installation of, and the interchange of traffic over a physical connection at Mt. Angel, Oregon, between the lines of

the Southern Pacific Company and the Willamette Valley Southern Railway Company, common carriers of passengers and freight between points within the State of Oregon.

*Appearances:*

For Plaintiffs—O. W. Robbins, Paul S. Fuchs, Oscar N. Hult, A. W. Gillis.  
For Defendants—Ben C. Dey, for Southern Pacific Company; Grant B. Dimick, for Willamette Valley Southern Railway Company.

At the hearing the defendant, Willamette Valley Southern Railway Company, announced its willingness to comply with the wishes of the complainants, and to furnish, as far as lay in its power, the service and facilities prayed for in the complaint, and joined with the plaintiffs in their request for such connection and service.

Shortly after the submission of this matter, the Southern Pacific Company requested that further action by the Commission be withheld pending the outcome of negotiations then under way for an amicable settlement of the controversy between the parties. This request was complied with.

These negotiations have resulted in the installation by the defendants of a physical connection between their respective tracks at their intersection at Liberal, Oregon, a point approximately sixteen miles from Mount Angel, and the filing by the complainants of a stipulation that their complaint might be dismissed.

Ordinarily a stipulation by the plaintiffs that their complaint be dismissed would seem to call for such action on the part of the Commission, but such is not necessarily the case after a full and complete hearing has been had and the matter is fully submitted. Dismissing a complaint, under such circumstances, is wholly discretionary with the Commission, and only such order will be made, after a full consideration of the case, as, in the opinion of the Commission, is justified by the showing made, taken in connection with the facts disclosed by the record in the case under submission.

While the settlement may be satisfactory to the particular parties who signed the complaint filed, such a showing alone is not sufficient. Matters of this nature affect communities and the public generally, as well as the individual shippers, or organizations, upon whose complaint the investigation was started, and unless the settlement can be shown to adequately take care of the interests of all parties concerned, whether they be complainants or otherwise, the Commission will proceed to such determination of the case as, in its opinion, is justified by the record.

The investigation in this case covered generally the question of a physical connection between the defendant railroads, and testimony concerning the relative merits of various locations for connection was admitted. This broad consideration of the question upon the hearing will permit of its determination without further investigation.

The Commission has carefully reviewed the record in this case, and based thereon, and on its general information regarding the conditions in the communities affected, and knowledge gained by a personal inspection upon the ground, is of the opinion that the installation of the physical connection between the railroad lines of the defendants at Liberal, and the interchange of traffic thereover, will adequately meet the demands of such communities for this service under the present conditions. In view of this fact, there exists no public necessity for a connection at Mt. Angel at this time. The complaint should, therefore, be dismissed.

Based upon the foregoing, and from a full consideration of the record,

IT IS ORDERED, that the complaint heretofore filed in the above entitled matter be, and the same hereby is dismissed. This dismissal, of course, is in no wise prejudicial to the rights of these, or other complainants, to again present the matter of a connection between the defendant railroads at Mt. Angel, or the right of the Commission to take up such question upon its own motion should future conditions warrant.

In the Matter of the Investigation of Rules, Orders and Regulations Relating to Demurrage and Reciprocal Demurrage. (Investigation on Commission's own motion.)

No. F-528

(ORDER ENTERED DECEMBER 9, 1916—P. S. C. ORDER NO. 150.)

Investigation of the rules, orders and regulations relating to Demurrage and Reciprocal Demurrage, as adopted on the twenty-eighth day of August, 1913, effective October 1, 1913, in Case No. F-254.

After hearing, former order modified to read as follows:

### CAR DEMURRAGE RULES

#### RULE 1—CARS SUBJECT TO RULES

Cars held for or by consignors or consignees for loading, unloading, forwarding directions, or for any other purpose, are subject to these Demurrage Rules, except as follows:

Section A. Cars loaded with livestock.

Section B. Empty cars placed for loading coal at mines or mine sidings, or coke at coke ovens, and cars under load with coal at mines or mine sidings, or coke at coke ovens.

*Note.*—Delay to cars specified in Section B will be regulated by proper Car Distribution Rules.

Section C. Empty private cars stored on carrier's or private tracks, provided such cars have not been placed or tendered for loading on the orders of a shipper.

Section D. Cars of private ownership on private tracks of owner.

*Note.*—Private cars, except as noted in Section D, while in railroad service, whether on carrier's or private tracks, are subject to these Demurrage Rules to the same extent as cars of railroad ownership.

Empty private cars are in railroad service from the time they are placed by the carrier for loading or tendered for loading on the orders of a shipper. Private cars under lading are in railroad service until the lading is removed and the cars regularly released. Cars which belong to an industry performing its own switching service are in railroad service from the time they are placed by the industry upon designated interchange tracks and thereby tendered to the carrier for movement. If such cars are subsequently returned empty they are out of service when withdrawn by the industry from the interchange; if returned under load, railroad service is not at an end until the lading is duly removed.

#### RULE 2—FREE TIME ALLOWED

Section A. Forty-eight hours' (two days) free time will be allowed for loading or unloading on all commodities.

Section B. Twenty-four hours' (one day) free time will be allowed:

1. When cars are held for switching orders.

*Note.*—Cars held for switching orders are cars which are held by a carrier to be delivered to a consignee within switching limits and which when switched become subject to an additional charge for such switching movement.

If a consignee wishes his car held at any break-up yard or a hold-yard before notification and placement, such car will be subject to demurrage. That is to say, the time held in the break-up yard will be included within the forty-eight hours of free time. If he wishes to exempt his cars from the imposition of demurrage he must either by general orders given to the carrier or by specific orders as to incoming freight notify the carrier of the track upon which he wishes his freight placed, in which event he will have the full forty-eight hours' free time from the time when the placement is made upon the track designated.

2. When cars are held for reconsignment or reshipment in the same car received.

*Note.*—A reconsignment is a privilege permitted by tariff under which the original consignee has the right of diversion. In event of the presence of such a privilege in the tariff, twenty-four hours' free time is allowed for the exercise of that privilege by the consignee. A reshipment under this rule is the making

of a new contract of shipment by which under a new rate the consignee forwards the same car to another destination.

3. When cars destined for delivery to or forwarding by a connecting line are held for surrender of bill of lading or for payment of lawful freight charges.

4. When cars are held in transit and placed for inspection or grading. When cars loaded with grain or hay are so held subject to recognized official inspection and such inspection is made after 12 o'clock noon, twenty-four hours (one day) extra will be allowed for disposition.

5. When cars are stopped in transit to complete loading, to partly unload or to partly unload and partly reload (when such privilege of stopping in transit is allowed in the tariffs of the carriers).

6. On cars containing freight in bond for customs entry and Government inspection.

Section C. Cars containing freight for transshipment to vessel will be allowed such free time at the port as may be provided in the tariffs of the carriers.

### RULE 3—COMPUTING TIME

*Note.*—In computing time, Sundays and legal holidays (National, State and Municipal) will be excluded, except as otherwise provided in Section A of Rule 9. When a legal holiday falls on a Sunday the following Monday will be excluded.

Section A. On cars held for loading, time will be computed from the first 7:00 a. m. after placement on public delivery tracks. See Rule 6 (Cars for Loading).

Section B. On cars held for orders, time will be computed from the first 7:00 a. m. after placement on public delivery tracks, and after the day on which notice of arrival is sent to consignee.

Section C. On cars held for unloading, time will be computed from the first 7:00 a. m. after placement on public delivery tracks, and after the day on which notice of arrival is sent to consignee.

Section D. On cars to be delivered on any other than public delivery tracks, time will be computed from the first 7:00 a. m. after actual or constructive placement on such tracks. See Rule 4 (Notification) and Rules 5 and 6 (Constructive Placement).

*Note.*—"Actual Placement" is made when a car is placed in an accessible position for loading or unloading or at a point previously designated by the consignor or consignee.

Section E. On cars to be delivered on interchange tracks of industrial plants performing their own switching service, time will be computed from the first 7:00 a. m. following actual or constructive placement on such interchange tracks until return thereto. See Rule 4 (Notification) and Rules 5 and 6 (Constructive Placement). Cars returned loaded will not be recorded released until necessary billing instructions are given.

Section F. When cars are interchanged with minor railroads performing their own switching service, handling cars for themselves, or other parties, an allowance of twenty-four hours will be made for switching in addition to the regular time allowed for loading and unloading, time to be computed from the first 7:00 a. m. after cars are placed on interchange track.

### RULE 4—NOTIFICATION

Section A. Consignee shall be notified by carrier's agent in writing, or as otherwise agreed to by carrier and consignee, within twenty-four hours after arrival of cars and billing at destination, such notice to contain point of shipment, car initials and numbers, and the contents, and, if transferred in transit, the initials and number of the original car. In case car is not placed on public delivery track within twenty-four hours after notice of arrival has been sent, a notice of placement shall be given to consignee.

Section B. When cars are ordered stopped in transit the party ordering the cars stopped shall be notified upon arrival of cars at point of stoppage.

Section C. Delivery of cars upon private or industrial interchange tracks, or written notice to consignee of readiness to so deliver, will constitute notification thereof to consignee.

Section D. In all cases where notice is required the removal of any part of the contents of a car by the consignee shall be considered notice thereof to the consignee.

#### RULE 5—PLACING CARS FOR UNLOADING

Section A. When delivery of cars consigned or ordered to any other than public delivery tracks or to industrial interchange tracks can not be made on account of the act or neglect of the consignee, or the inability of the consignee to receive, delivery will be considered to have been made when the cars were tendered. The carrier's agent must give the consignee written notice of all cars he has been unable to deliver because of the condition of the private or interchange tracks, or because of other conditions attributable to consignee. This will be considered constructive placement. See Rule 4 (Notification).

Section B. When delivery can not be made on specially designated public delivery tracks on account of such tracks being fully occupied, or from other cause beyond the control of the carrier, the carrier shall notify the consignee of its intention to make delivery at the nearest point available to the consignee, naming the point. Such delivery shall be made unless the consignee shall before delivery indicate a preferred available point, in which case the preferred delivery shall be made.

#### RULE 6—CARS FOR LOADING

Section A. Cars for loading will be considered placed when such cars are actually placed or held on orders of the consignor. In the latter case the agent must give the consignor written notice of all cars which he has been unable to place because of conditions of the private track or because of other conditions attributable to the consignor. This will be considered constructive placement. See Rule 3, Section A (Computing Time).

#### RULE 7—DEMURRAGE CHARGE

After the expiration of the free time allowed, the following charges will be made until car is released, to-wit: Two dollars per car for the first day, or fraction thereof, that the car is detained beyond the free time; \$3.00 per car for the second day, or fraction thereof, and \$4.00 per car (maximum allowed by statute) for the third and each succeeding day, or fraction thereof, after the free time has expired; provided, when empty car or cars are placed for loading on orders and are not used, but are returned to the railroad empty, no free time will be allowed, but demurrage will be charged from the first 7:00 a. m. after placing or tender as follows: Two dollars per car for the first day, or fraction thereof, that such car or cars are held; \$3.00 per car for the second day, or fraction thereof, and \$4.00 per car for the third and each succeeding day, or fraction thereof, and in addition thereto a further charge will be made equal to the amount which would accrue, under the scale here set forth, during the twenty-four hour period following the day upon which the railroad is notified that such car or cars will not be loaded.

#### RULE 8—CLAIMS

No demurrage charges shall be collected under these rules for detention of cars through causes named below. Demurrage charges assessed or collected under such conditions shall be promptly canceled or refunded by the carrier.

##### CAUSES

#### Section A. Weather Interference.

1. When the condition of the weather during the prescribed free time is such as to make it impossible to employ men or teams in loading or unloading, or impossible to place freight in cars, or to remove it from cars, without serious injury to the freight, the free time shall be extended until a total of forty-eight hours free from such weather interference shall have been allowed.

2. When shipments are frozen while in transit so as to prevent unloading during the prescribed free time. This exemption shall not include shipments which are tendered to consignee in condition to unload. Under this rule consignees will be required to make diligent effort to unload such shipments.

3. When, because of high water or snowdrifts, it is impossible to get to cars for loading or unloading during the prescribed free time.



This rule shall not absolve a consignor or consignee from liability for demurrage if others similarly situated and under the same conditions are able to load or unload cars.

**Section B. Bunching.**

1. Cars for Loading.—When, by reason of delay or irregularity of the carrier in filling orders, cars are bunched and placed for loading in accumulated numbers in excess of daily orders, the shipper shall be allowed such free time for loading as he would have been entitled to had the cars been placed for loading as ordered.

2. Cars for Unloading or Reconsigning.—When, as the result of the act or neglect of any carrier, cars destined for one consignee at one point, are bunched at originating point, in transit, or at destination, and delivered by the carrier line in accumulated numbers in excess of daily shipments, the consignee shall be allowed such free time as he would have been entitled to had the cars been delivered in accordance with the daily rate of shipment. Claim to be presented to carrier's agent within fifteen (15) days.

**Section C. Demand of Overcharge.**—When the carrier's agent demands the payment of transportation charges in excess of tariff authority.

**Section D. Adjustment of Damage.**—When unloading is delayed pending inspection or adjustment by carrier of damage to contents of car while in transit, the free time shall be extended until a total of forty-eight hours shall have been allowed after inspection or adjustment by the carrier.

**Section E. Delayed or Improper Notice by Carrier.**—When notice has been given in substantial compliance with the requirements as specified in these rules, the consignee shall not thereafter have the right to call in question the sufficiency of such notice unless within forty-eight hours from 7:00 a. m. following the day on which notice is sent he shall serve upon the delivering carrier a full written statement of his objections to the sufficiency of such notice.

1. When claim is made that a mailed notice has been delayed the postmark thereon shall be accepted as indicating the date of the notice.

When a notice is mailed by a carrier on Sunday, a legal holiday, or after 3:00 p. m. on other days (as evidenced by the postmark thereon) the consignee shall be allowed five hours additional free time, provided he shall mail or send to the carrier's agent, within the first twenty-four hours of free time, written advice that the notice had not been received until after the free time had begun to run; in case of failure on the part of consignee so to notify carrier's agent, no additional free time shall be allowed.

**Section F. Railroad errors which prevent proper tender of delivery.**

**Section G. Delay by United States Customs.**—Such additional free time shall be allowed as has been lost through such delay.

#### RULE 9—AVERAGE AGREEMENT

When a shipper or receiver enters into the following agreement, the charge for detention to cars, provided for by Rule 7, on all cars held for loading or unloading by such shipper or receiver shall be computed on the basis of the average time of detention to all such cars released during each calendar month, such average detention to be computed as follows:

**Section A.** Two credits will be allowed for each car released within the first twenty-four hours of free time (except for a car subject to Rule 2, Section B, Paragraph 5 and a car ordered and placed but returned to the railroad empty). Two debits will be charged for the first twenty-four hours, or fraction thereof, that a car is detained beyond the free time, three debits for the second twenty-four hour period, or fraction thereof, and four debits for the third twenty-four hour period, or fraction thereof, after the free time has expired. In no case shall more than two credits be earned by the prompt unloading of any one car, and in no case shall more than a total of nine credits be applied in cancellation of debts accruing on any one car. When a car has accrued nine debits, no additional debits shall accrue thereon, but a charge of \$4.00 for each day, or fraction of a day, thereafter will be made for all subsequent detention, including Sundays and holidays.

**Section B.** At the end of the calendar month the total number of credits will be deducted from the total number of debits, and \$1.00 per debit charged

for the remainder. If the credits equal or exceed the debits, no charge will be made for the detention of the cars, and no payment will be made to shippers or receivers on account of such excess of credits, nor shall the credits in excess of the debits of any one month be considered in computing the average detention for another month.

Section C. A shipper or receiver who elects to take advantage of this average agreement shall not be entitled to cancelation or refund of demurrage charges under Rule 8, Section A, Paragraphs 1 and 3, or Section B of such rule.

Section D. A shipper or receiver who elects to take advantage of this average agreement may be required to give sufficient security to the carrier for the payment of balances against him at the end of each month.

#### AGREEMENT

..... Rail..... Company:  
 Being fully acquainted with the terms, conditions, and effect of the average basis for settling for detention to cars as set forth in ..... being the car demurrage rules governing at all stations and sidings on the lines of said rail..... company, except as shown in said tariff, and being desirous of availing (myself or ourselves) of this alternate method of settlement (I or we) do expressly agree to and with the ..... Rail..... Company that with respect to all cars which may, during the continuance of this agreement, be handled for (my or our) account at ..... (station), (I or we) will fully observe and comply with all the terms and conditions of said rules as they are now published or may hereafter be lawfully modified by duly published tariffs, and will make prompt payment of all demurrage charges accruing thereunder in accordance with the average basis as therein established or as hereafter lawfully modified by duly publishing tariffs.

This agreement to be effective on and after the ..... day of ..... 19....., and to continue until terminated by written notice from either party to the other, which notice shall become effective on the first day of the month succeeding that in which it is given.

Approved and accepted ....., 19....., by and on behalf of the above named rail..... company by .....

#### RECIPROCAL DEMURRAGE RULES

Rule 1. All cars for carload freight, or for freight carried at carload rates, or for freight in cars taking track delivery, whether full carloads or not, shall be subject to the reciprocal demurrage charges prescribed in these rules.

Rule 2. In computing time Sundays and legal holidays (National, State and municipal) will be excluded. When the legal holiday falls on a Sunday the following Monday will be excluded.

Rule 3. When the owner or shipper of freight of any kind shall make written application to a railroad to supply a car or cars to be loaded in carload lots with freight of which said railroad is a common carrier, the car or cars so applied for shall be placed promptly and in no case shall delivery be delayed beyond the time herein prescribed, to-wit:

If the application be for five cars or less, the number of cars applied for shall be furnished to the applicant within five days; if the application be for more than five cars and not to exceed ten cars, the number of cars applied for shall be furnished to the applicant within ten days; if the application be for more than ten cars and less than thirty cars, the number of cars applied for shall be furnished to the applicant within fifteen days; if the application be for thirty or more cars, the number of cars applied for shall be furnished to the applicant within twenty days. A car or cars ordered the number of days above specified, or a greater length of time, in advance of the date on which they are desired must be furnished at the time specified in the application. Said cars shall be suitable for the purpose and commodity for which they are ordered, and shall be furnished at a convenient place for loading, at the station where required by the applicant therefor. The period during which the movement of cars or freight is suspended or delayed on account of accident, sudden congestion of traffic, unavoidable detention in other states or

any other cause not within the power of the railroad to prevent shall be added to the time allowed in these rules and counted as additional time.

Rule 4. Any such application must be made to the railroad upon whose line of railroad the shipment originates. Every such application shall state the number of cars wanted, the time when and place where desired, the kind of freight to be shipped and the final destination thereof. The place where said cars are desired to be loaded for shipment shall be at some station, or at some switch or siding where carload shipments are customarily received, on the line of the railroad to which application is made. The application for cars may be made to any superintendent or general agent in charge of freight traffic of the railroad required to furnish the same, or to an agent of the railroad at the station, or at the next station on either side of the switch or siding where said cars are to be furnished.

Rule 5. At each station on every railroad in this State where an agent is maintained, and where freight is received and delivered, there shall be kept and preserved a register or record of all applications for cars by shippers, and said register or record shall give substantially the following information, to-wit:

- (a) Name and address of applicant for cars.
- (b) Number of cars applied for.
- (c) When cars will be required.
- (d) Kind and size.
- (e) Kind of freight to be shipped.
- (f) Destination of freight.
- (g) Date cars are furnished and set for loading.
- (h) Number furnished.
- (i) Kind and size.
- (j) Initials and numbers of cars furnished.

All applications for cars made at any such station shall be immediately and correctly recorded in such register or record in chronological order of application. Such record shall be kept in a suitable bound book, and be subject to the inspection of any *bona fide* shipper during business hours.

A supply of suitable application blanks shall be kept at each station where an agent is maintained, for the use of shippers ordering cars.

Rule 6. A record of car distribution shall be kept at the office of each chief dispatcher (or, at the option of the company, at the office of each superintendent) in this State, showing the distribution of cars as between the various localities in such chief dispatcher's division or district, which record shall be subject to the inspection of any *bona fide* shipper during business hours.

Rule 7. The time herein stated for the delivery of cars mentioned in any such application shall begin to run from the hour of 7:00 a. m. of the next day following the day of the receipt of any such application by the railroad to which it is given. In case a shipper in his written application requests notification of the date of placement at a nonagency station of the car or cars for loading, it shall be incumbent upon the railroad company to notify such shipper by depositing notice in the United States mail, or by telegraph or telephone, at shipper's expense, directed to the shipper's address as specified in such request, within twenty-four hours of the day the car (or cars) is so placed, stating the time and date of placement. When the application does not contain such request, it shall not be obligatory upon the company to give such notice.

Rule 8. When a car or cars are applied for under the provisions of these rules, and are not furnished within the time as herein required, the railroad so failing to furnish such car, or cars, shall be liable and held to be immediately indebted to the person making application therefor in the sum of \$2.00 for the first twenty-four hours, or fraction thereof, per car so applied for and not furnished, \$3.00 per car for the second twenty-four hour period, or fraction thereof, and \$4.00 per car for the third and each succeeding twenty-four hour period, or fraction thereof, until such car, or cars, are furnished. And in addition thereto any such defaulting railroad shall be held liable and be held to be indebted to the person making such application and not receiving the car or cars therein applied for within the time and as herein required in the amount of the actual damages any such applicant may sustain. Provided, that the person applying therefor had on hand at the time it became the duty of the railroad under such application and these rules to furnish the car or cars required,

the kind of freight specified in the application ready for shipment in said car or cars, to the point of final destination in said application stated.

Rule 9. When cars have been furnished and loaded it shall be the duty of the railroad company to receive the same for shipment and issue a bill of lading or shipping receipt therefor and to transport the same forward at a reasonable rate of speed, in the case of ordinary freight not less than twenty-five miles per day of twenty-four hours, and in the case of perishable freight, at the rate of not less than sixty miles per day of twenty-four hours, computing time from 7 o'clock a. m. of the day following the receipt of the shipment. Provided, that when the regular freight service of the railroad company is less frequent than daily, the day or days on which service is not performed according to the published schedules shall not be counted, and that where both main and branch line services are employed, twenty-four hours shall be allowed for delays at junction points, and that where freight in transit passes through a division terminal twelve hours shall be allowed for interruption to local service at such terminal; and that where an interchange is made between two carriers twenty-four hours shall be allowed to effect such interchange when through car service is provided and forty-eight hours shall be allowed where a transfer of freight is made from one car to another; and provided further, that this rule shall not apply to shipments of livestock. For failure to receive or transport such shipment within the time above prescribed and at the rate of speed herein provided as a minimum, the railroad company so failing shall forfeit and pay to the shipper or consignee his actual damages and in addition the sum of \$2.00 per car for the first twenty-four hours, or fraction thereof, that such shipment is delayed by reason of the railroad's failure to receive or transport such shipment within the time above prescribed and at the rate of speed herein provided as a minimum, \$3.00 per car for the second twenty-four hour period, or fraction thereof, and \$4.00 per car for the third and each succeeding twenty-four hour period, or fraction thereof, which the shipment is so delayed.

Rule 10. No railroad company shall be relieved from furnishing cars for the transportation of live stock or perishable freight within reasonable time after the demand therefor, even if such time is less than the time prescribed in these rules.

These regulations shall become effective January 1, 1917.

THE FIRST NATIONAL BANK OF ALBANY, Oregon, a Corporation, et al., Plaintiffs,

v.

The PACIFIC TELEPHONE & TELEGRAPH COMPANY, a Corporation, and HOME TELEPHONE & TELEGRAPH COMPANY, a Corporation, Defendants.

} No. U-F-173

(ORDER ENTERED DECEMBER 11, 1916—P. S. C. ORDER NO. 151.)

Application to compel two public utilities to connect to a privately owned intercommunicating telephone system and to interchange traffic therewith, or in lieu thereof compelling the two public utilities to connect their systems and provide for an interchange of traffic and service whereby the services of the two utility systems could be obtained without the necessity of installing a duplication of equipment, and to fix reasonable rules, regulations and rates for such service.

**Appearances:**

For Plaintiffs—G. G. Schmitt, their Attorney.

For Defendant, The Pacific Telephone & Telegraph Company—Omar C. Spencer, its Attorney.

For Defendant, Home Telephone & Telegraph Company—J. B. Middleton, its Manager.

The First National Bank of Albany, Oregon, a corporation organized under and existing by virtue of the National banking laws of the United States, and

the First Savings Bank of Albany, Oregon, an Oregon corporation, are engaged in the banking business at Albany, Oregon. The stock of these two corporations is owned by practically the same people, and the operations of the one are carried on more or less in conjunction with the operations of the other. The plaintiffs, S. E. Young, P. A. Goodwin, J. C. Irvine, W. A. Barrett, Alfred C. Schmitt, O. A. Archibald, J. P. Wallace, M. Senders, Ralph McKechnie and Ralph Knotts are residents and inhabitants of the city of Albany, Linn County, Oregon, and are directly connected with the business and enterprise conducted and operated by the plaintiffs, The First National Bank of Albany, Oregon, and The First Savings Bank of Albany, Oregon. The banks are the owners of and operate an intercommunicating telephone system in and between their respective places of business which are on opposite sides of the street, and are approximately one block apart.

The defendants, The Pacific Telephone & Telegraph Company, a corporation of the State of California, and The Home Telephone & Telegraph Company, an Oregon corporation, are public utilities as the same are defined by Chapter 279 of the General Laws of Oregon for the year 1911, and own, operate and control, among other, telephone plants and equipment for the conveyance of telephone messages within the City of Albany, Oregon, and elsewhere, either by means of plants and equipment owned by them, or through connections with other public utilities. The defendants are engaged in direct and active competition.

When this question of a connection first came up, a member of this Commission, at the solicitation of the parties, met informally with representatives of the plaintiff, The First National Bank of Albany, Oregon, and the defendant, The Pacific Telephone & Telegraph Company, in an endeavor to secure an amicable adjustment of this controversy. At that time, it being apparent an informal settlement was impossible, it was suggested by the Commission that an installation be made by The Pacific Company, such company to connect to and use certain wires which belonged to the banks, but not, at that time, being used in connection with the intercommunicating system. It was the specific understanding between all parties when the Pacific Company agreed to comply with this suggestion that such action by the Pacific Company should not in any way prejudice any rights which it might have, should this matter be brought before the Commission for formal adjustment. Later, plaintiff, First National Bank, without the knowledge of the Pacific Company, connected these wires to which the Pacific Company had connected, with its intercommunicating system, and the telephone systems of both defendants are now connected to and traffic is interchanged with this intercommunicating system. Since this connection was made, as above set forth, this matter has been in constant litigation, first before the Commission, then in the circuit court of the State of Oregon, for Linn County, from whence it was appealed to the Supreme Court of the State of Oregon, and it has now returned under a new complaint to this Commission. During the pendency of this litigation, the connection has been maintained by the Pacific Company, first under an injunction, and, since the decision by the Supreme Court, at the suggestion of the Commission.

The complaint alleges that the defendant, The Pacific Telephone & Telegraph Company, has threatened and is now about to sever the physical connection between its system and the intercommunicating system owned by the defendant banks, and that such threats, if carried out, would necessitate the installation of a duplicate telephone system in their places of business; that if the Pacific Company is permitted to disconnect its system and install such duplicate system, that the defendant, Home Telephone & Telegraph Company would thereupon do likewise, and by reason thereof the service of the defendants would be unreasonable, insufficient and unjustly discriminatory.

The prayer seeks an order of this Commission compelling the defendants to maintain the service now enjoyed by the plaintiffs, or in lieu thereof that the defendants be compelled to install a physical connection between their respective systems, in such a manner, and to be operated in such a way as to afford the plaintiffs the services of the two systems without a duplication of equipment within the places of business of the two plaintiff banks. The Commission is also asked to prescribe reasonable rules for the conducting of such interchange of traffic, and to fix a reasonable compensation to be paid therefor.

This is the second time the subject of this telephone service in The First National Bank of Albany has been before this Commission in a formal manner. On October 4, 1913, The First National Bank of Albany, Alfred C. Schmitt and O. A. Archibald, parties plaintiff in this case, filed a complaint against The Pacific Telephone & Telegraph Company, party defendant herein, seeking a connection and the interchange of traffic between the system owned by the bank and the telephone system of the Pacific Company. In that case, the Commission, after a full consideration of the record before it, made the following finding, among others:

"That the plaintiff, First National Bank of Albany, Oregon, is not a public utility within the provisions of Chapter 279 of the General Laws of Oregon for the year 1913 and the intercommunicating telephone system of the said bank is not a part of the plant or equipment of any public utility.

"From the foregoing the Commission finds that the defendant is under no obligation to connect its telephone system with that of any private utility and that the plaintiff, First National Bank of Albany, Oregon, does not come within the purview of Section 8 of Chapter 279 of the General Laws of Oregon for the year 1911," and entered its order dismissing the complaint. (See Eighth Annual Report of the Railroad Commission of Oregon, page 177.)

Said order was entered January 6, 1914, and no suit has been instituted to vacate and set aside said order or any portion thereof.

The plaintiffs in that case, together with others as above set forth, now bring this complaint, which differs in its essential details from the former complaint only in that it makes the Home Telephone & Telegraph Company a party defendant, and contains the additional prayer that if the Commission shall not see fit to compel a physical connection and the interchange of traffic between the intercommunicating system of the plaintiff banks and the telephone systems of the defendants, that the Commission then compel a physical connection and the interchange of traffic between the defendants in such a manner as to afford the plaintiffs the service of the two systems without a duplication of equipment within their places of business, and that the Commission fix rules, regulations and rates for such service.

Section 8, of Chapter 279 of the General Laws of Oregon for the year 1911, under which this proceeding is brought, is as follows:

"Every public utility, and every person, association or corporation having conduits, subways, street railway tracks, poles or other equipment on, over or under any street or highway shall for a reasonable compensation permit the use of the same by any public utility whenever public convenience or necessity require such use and such use will not result in irreparable injury to the owner or other users of such equipment nor in any substantial detriment to the service to be rendered by such owners or other users.

"In case of failure to agree upon such use or the conditions or compensation for such use any public utility or any person, association or corporation interested may apply to the Commission and if after investigation the Commission shall ascertain that public convenience or necessity require such use and that it would not result in irreparable injury to the owner or other user of such equipment, it shall by order direct that such use be permitted and prescribe reasonable conditions and compensation for such joint use.

"Such use so ordered shall be permitted and such conditions and compensation so prescribed shall be the lawful conditions and compensation to be observed, followed and paid, subject to recourse to the courts upon the complaint of any interested party as provided in Sections 54, 55, 56, 57 and 58, inclusive, and such sections so far as applicable shall apply to any suit arising on such complaint so made. Any such order of the Commission may be from time to time revised by the Commission upon application of any interested party or upon its own motion. All public utilities shall afford all reasonable facilities and make all necessary regulations for the interchange of business, or traffic carried or their product between them, when ordered by the Commission so to do."

As to that phase of this case which deals with a connection and interchange of traffic between the intercommunicating system of the banks and the systems of the defendant companies, the record in the present case shows no material

change of conditions from those found to exist at the time of the former hearing, and for the reasons stated in the former order, no further consideration need here be given it.

As to the remaining phase that a connection between the defendants be compelled and service prescribed which will afford the plaintiffs the service of the two defendant companies, without a duplication of equipment within their places of business, the Commission has carefully considered the testimony submitted and proofs offered in the light of the provisions of the Public Utility Act above quoted, and has reached the conclusion that the record before it is not sufficient to justify the issuance of an order affording the relief prayed for.

IT IS, THEREFORE, ORDERED that the complaint herein be and the same hereby is dismissed.

In the Matter of the Application of SOUTHERN OREGON TRACTION COMPANY for Authority to Construct its Railroad Across the Railroad Tracks of Southern Pacific Company and Rogue River Valley Railway Company at Common Grade on Main Street, City of Medford, County of Jackson, Oregon.

No. F-432

(ORDER ENTERED DECEMBER 15, 1916—P. S. C. ORDER NO. 152.)

Under date of October 9, 1915, this Commission issued an order granting permission for the construction of the railroad of the Southern Oregon Traction Company over and across the tracks of Southern Pacific Company and Rogue River Valley Railway Company at grade on Main Street in the City of Medford, Oregon. Such order provided that "as a necessary warning and protection of the public, such grade crossing should be protected by the installation and maintenance, at the crossing, of the following safety devices: A good and sufficient warning sign, and within three months after the installation of the proposed crossing that gates shall be erected at the crossing and shall thereafter be maintained."

Upon further submission made by the applicant, Southern Oregon Traction Company, which has accepted and agreed to be bound by the general rules of this Commission governing the operation of street railroads crossing over the tracks of steam railroads at common grade, as heretofore prescribed in an order of this Commission in Case No. F-248, and it appearing that no immediate necessity exists for the installation of gates owing to the small amount of street railway traffic passing over the crossing,

IT IS ORDERED that applicant Southern Oregon Traction Company be and it hereby is relieved from constructing gates at the above-mentioned crossing at this time. Jurisdiction, however, is retained by the Commission for the purpose of requiring the installation of gates or other safety devices at this crossing or to provide for a separation of grades, at a later date, should such action be hereafter deemed necessary.

## GRADE CROSSINGS AUTHORIZED, DENIED OR WITHDRAWN

File No.	Applicant	Disposition	Locality
F-417	County Court of Jackson County to cross S. P. Co.	1 denied	Near Tolo, in Jackson County.
F-459	County Court of Benton County to cross S. P. Co.	1 authorized	Near Butte, in Benton County.
F-457	County Court of Union County to cross O.-W. R. & N.	1 authorized	Near Palmer Junction, in Union County.
F-466	California & Oregon Coast R. R. Co. to cross highway	2 authorized	Waters Creek Station, Josephine County.
F-466	East Oregon Lumber Co. to cross highways	4 authorized	Across Enterprise-Flora Road, in Wallowa County.
F-464	County Court of Marion County across S. P. Co.	1 authorized	Approximately 1.9 miles north of Woodburn, Oregon.
F-469	Southern Pacific Co. to cross highways	6 authorized	Across River Road, Van Buren, Monroe, Madison, Jefferson and Lincoln streets, in City of Eugene, Oregon.
F-471	County Court of Benton County to cross S. P. Co.	1 authorized	Near Pheasant, Benton County.
F-477	Silverton Lumber Co. across county roads	2 authorized	Silverton-Abiqua County Road and Silverton-Moser County Road, in Marion County.
F-454	Oregon-Washington R. R. & N. Co. to cross highways	3 authorized	Harney County.
F-472	County Court of Linn County across S. P. Co.	1 authorized	Section 4, in Township 11, south of Range 4, west of Willamette Meridian, Linn County.
F-484	County Court of Douglas County to cross S. P. Co.	1 authorized	Myrtle Creek, Douglas County, Oregon.
F-485	County Court of Douglas County to cross S. P. Co.	1 authorized	Approximately one mile north of Riddle, in Douglas County, Oregon.
F-488	Nehalem Investment Co. to cross highway	2 authorized	Engineer's Stations 14 plus 32.5 and 87, in Columbia County, Oregon.
F-453	Valley & Siletz R. R. Co. to cross county roads	2 authorized	Engineer's Station 34 plus 52 and 83 plus 22, in Polk County.
F-473	County Court of Linn County to cross S. P. Co.	1 denied	Near Crocus, in Linn County.
F-492	Oregon & California R. R. Co. to cross county road	1 authorized	At Glendale, Douglas County, Oregon.
F-490	Oregon Electric Railway Co. to cross highways	2 denied	North of Orville Station, Marion County.
F-494	Clement Lumber Co. to cross highway	1 authorized	Section 27, Township 9 south, Range 3 east, Willamette Meridian, in Marion County, Oregon.
F-495	Standard Oil Co. to cross county road and O.-W. R. & N. with sidetrack	1 authorized	Stanfield, Umatilla County, Oregon.
F-505	City of Newberg to cross Oregon & California R. R. Co.	1 denied	Sheridan Street, in the City of Newberg, Oregon.
F-499	City of Newberg to cross Oregon & California R. R. Co.	1 authorized	Vermillion Street, in the City of Newberg.
F-498	City of Sheridan to cross S. P. Co.	1 denied	Schley Street, in the City of Sheridan.
F-501	City of Dalles City to cross O.-W. R. & N. Co.	1 authorized	Intersection of Jefferson and First Streets, in Dalles City, Oregon.



## GRADE CROSSINGS AUTHORIZED, DENIED OR WITHDRAWN—Continued

File No.	Applicant	Disposition	Locality
F-497	County Court of Gilliam County to cross O.-W. R. & N. Co.	1 authorized	Bialock Station, in Gilliam County, Oregon.
F-413	Portland & Oregon City Ry. Co. to cross highways and streets	Not authorized	Multnomah and Clackamas Counties.
F-507	Palmer-Rupp Logging Co. to cross county road	1 authorized	Section 17, Township 6 north, Range 5 west, Willamette Meridian, in Columbia County.
F-486	United Railways Co. to cross highway	1 authorized	In North Plains, Washington County, Oregon.
F-493	Willamette Pacific R. R. Co. to cross highway	1 authorized	Near Engineer's Survey Station "N" 3461 plus 00, in Coos County, Oregon.
F-515	Oregon Pacific & Eastern Ry. Co. to cross highway	1 authorized	In the City of Cottage Grove, Oregon.
F-510	County Court of Lane County to cross Central Pacific R. R.	1 authorized	Sections 16 and 17, Township 21 south, Range 3 east, Willamette Meridian, in Lane County.
F-500	County Court of Washington County to cross Oregon Electric Ry.	Not authorized	County Road No. 664, in Washington County.
F-512	Valley & Siletz to cross highways	3 authorized	Engineer's Stations 274 plus 83.33 plus 95 and 464 plus 75, in Polk County.
F-513	Valley & Siletz to cross streets and highways	8 authorized	In the City of Independence, Polk County.
F-514	Valley & Siletz to cross certain streets and highways, and Independence & Monmouth Ry.	Authorized	In the City of Independence, Polk County.
F-519	Portland Railway, Light & Power Co. across street	2 authorized	Across Third Street, in Oregon City.
F-509	County Court of Marion County to cross Oregon Electric Ry. Co.	1 dismissed	Fargo Station, Marion County.
F-448	Olson Brothers Logging Co. to cross S. P. & S. Ry. Co.	1 dismissed	Point 670 feet northerly from Bridge No. 116-5.
F-525	Southern Pacific Co. to cross street	1 authorized	Sixth Street, in the City of Grants Pass, Josephine County, Oregon.
F-526	Southern Pacific Co. to cross city street	1 authorized	Third Street, in the City of Medford, Jackson County, Oregon.
F-481	City of Bay City to cross S. P.	1 dismissed	McCoy Street, in City of Bay City.
F-511	Buehner Lumber Co. to cross highways	4 authorized	County Road, in Coos County, Oregon.
F-518	Roach Timber Co. to cross streets and highways	3 authorized	Streets and highways in the City of Sutherlin, Oregon.
F-517	Roach Timber Co. to cross highways	7 authorized	Highways in Douglas County, Oregon.
F-521	Columbia & Nehalem River R. R. to cross public highway	Not authorized	Public Highway, in Columbia County.
F-432	Southern Oregon Traction Co. to cross S. P. Co. and Rogue River Valley Ry. Co.	Authorized	Main Street, City of Medford, Oregon.

## **APPENDIX II**

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### **SUMMARY OF ANNUAL REPORTS MADE TO THE COMMISSION BY CARRIERS AND PUBLIC UTILITIES SUBJECT TO ITS JURISDICTION**

**PART I—Railroads and Other Carriers.**

**PART II—Public Utilities.**

## APPENDIX II

## PART I

Part I comprises summary of reports by

Commercial Roads—Steam.  
 Commercial Roads—Electric.  
 Express Companies.  
 Industrial Roads—Steam.  
 Sleeping Car Companies.  
 Commercial Terminal and Switching Companies.

## COMMERCIAL ROADS—STEAM

## Beaverton &amp; Willsburg Railroad Company

Organized November 6, 1906, under the laws of the State of Oregon.

*Officers*—President, J. H. Dyer; Secretary, R. E. Moody; Treasurer, W. F. Ingram.

This road is operated by the Southern Pacific Company. The entire property of this company was sold to the Southern Pacific Company, as of midnight, June 30, 1916. The Southern Pacific Company, prior to this sale owned 100 per cent of the stock of this company. This property has been leased to Oregon-California Railroad Company for \$50,000.00 per annum. The road extends from Beaverton, Oregon to Willsburg Junction, Oregon, 10.35 miles.

## The California &amp; Oregon Coast Railroad Company

Organized December 3, 1913, under the laws of the State of Oregon.

*Officers*—President, Robert E. Twohy; Secretary-Treasurer, John Hampshire; General Manager, Preston Delano.

*Income Account*—Railway operating revenues, \$8,833.90; railway operating expenses, \$13,205.21; net loss from railway operations, \$4,371.31.

*Balance Sheet*—

*Assets*—Investments in road and equipment, \$302,051.29; current assets, \$8,352.57.

*Liabilities*—Funded debt, \$4,000.00; loans and bills payable, \$279,698.20; audited accounts and wages payable, \$26,705.66.

This road is still under construction.

## Carlton &amp; Coast Railroad Company

Organized February 24, 1910, under the laws of the State of Oregon.

*Officers*—President, Chas. E. Ladd; Vice-President and General Manager, W. B. Dennis; Secretary, P. R. Cooper.

*Road Operated*—Carlton, Oregon, to Tillamook Gate, Oregon, 13.93 miles.

*Income Account*—Loss from railway operations, \$14,717.05; railway tax accruals, \$870.00; uncollectible railway revenue, \$26.75; miscellaneous rent income, \$216.00; hire of freight cars, \$132.00; interest on funded debt, \$12,500.04; interest on unfunded debt, \$15,510.00; deficit transferred to profit and loss, \$43,539.84.

*Profit and Loss Account*—Debit balance at the beginning of the year, \$102,655.20; debit balance transferred from income, \$43,539.84; debit balance carried to balance sheet, \$146,195.04.

*Operating Revenues*—Freight, \$2,811.79; passenger, \$96.35; demurrage, \$118.00; miscellaneous, \$88.04; total operating revenues, \$3,114.18.

*Operating Expenses*—Maintenance of way and structures, \$9,811.75; maintenance of equipment, \$3,686.21; traffic expenses, \$47.71; transportation, \$1,407.39; general \$2,878.17. Total operating expenses, \$17,831.23.

*General Balance Sheet—*

*Assets*—Investment in road and equipment, \$468,510.14; current assets, \$1,081.76; discount on capital stock, \$499,000.00.

*Liabilities*—Capital stock, \$500,000.00; funded debt, \$250,000.00; current liabilities, \$322,540.27; unadjusted credit, \$42,246.67; corporate deficit, \$146,195.04.

Ninety-five per cent of the freight traffic is products of the forest.

## Central Pacific Railway Company

Organized July 29, 1899, under the laws of the State of Utah.

*Officers*—President, William F. Herrin; Secretary, G. L. King; Treasurer, A. K. VanDeventer.

This company is controlled by the Southern Pacific Company through ownership of its outstanding capital stock.

*Income Account*—Income from lease of road, \$14,174,024.98; other income, \$745,342.77; tax accruals, \$291,395.75; interest on funded debt, \$8,429,941.00; other income charges, \$147,758.53; total appropriations of income, \$56,002.58; income balance transferred to profit and loss, \$5,994,269.89.

*Profit and Loss Account*—Debit balance beginning of year, \$2,095,169.23; credit balance carried to balance sheet, \$1,907,686.76.

*General Balance Sheet—*

*Assets*—Investments, \$299,151,478.27; current assets, \$77,040.61; unadjusted debits, \$23.74.

*Liabilities*—Capital stock, \$84,675,500.00; funded debt, \$196,952,222.79; current liabilities, \$3,187,035.96; unadjusted credits, \$7,287,005.84; appropriated surplus, \$5,219,091.27; profit and loss credit balance, \$1,907,686.76; total corporate surplus, \$7,126,778.03.

## Central Railroad of Oregon

Organized January 22, 1909, under the laws of the State of Maine.

*Officers*—President, Edwin Wilcock; Secretary and Treasurer, Chas. E. Graham; Auditor and General Superintendent, Edward Evenson.

*Operating Revenues*—\$15,963.53; operating expenses, \$14,607.38; taxes, \$1,068.85; income balance, \$165.30.

*General Balance Sheet—*

*Assets*—Investment, \$230,722.81; current assets, \$1,033.65.

*Liabilities*—Capital stock, \$225,336.82; current liabilities, \$1,584.93; profit and loss credit balance, \$6,342.95.

*Revenue Freight Carried During the Year, in Tons*—Products of agriculture, 10,030; products of animals, 430; products of mines, 402; products of forests, 1,378; manufactures, 124; merchandise, 1,279; miscellaneous, 102; total, 13,745.

## Deschutes Railroad Company

Organized February 2, 1906, under the laws of the State of Oregon.

This company is controlled by Oregon Short Line Railroad Company through ownership of capital stock and is operated by Oregon-Washington Railroad and Navigation Company.

*Officers*—President, J. D. Farrell; Secretary, A. C. Spencer; Treasurer, F. V. S. Crosby.

*General Balance Sheet—*

**Assets**—Investment in road and equipment, \$5,855,102.37; deferred assets, \$100,000.00.

**Liabilities**—Capital stock, \$100,000.00; current liabilities, \$210.81; open accounts, \$5,857,322.81; corporate deficit, \$2,431.25.

### Great Northern Railway Company

Organized March 1, 1856, as "Minneapolis and St. Cloud Railroad Company," under the laws of the State of Minnesota, and changed to the Great Northern Railway Company, September 16, 1889.

**Officers**—Chairman of the Board and President, Louis W. Hill; Secretary-Treasurer, L. E. Katzenbach; General Manager, G. H. Emerson.

Road operated in Oregon under trackage rights, 9.79 miles.

**Operating Revenues**—State of Oregon, \$39,279.36.

**Operating Expenses**—State of Oregon, \$59,075.82.

### Great Southern Railroad Company

Organized June 2, 1908, under the laws of the State of Oregon.

**Officers**—Vice-President, J. L. Meier; Secretary and Counsel, Geo. W. P. Joseph; Treasurer and General Manager, J. G. Heinrich.

Road operated, The Dalles, Oregon, to Friend, Oregon, 40.67 miles; yard tracks and siding, 3.36 miles; total mileage, 44.03 miles.

**Income Account**—Net revenue from operations, \$11,990.69; railway tax accruals, \$4,202.00; miscellaneous income, \$131.63; hire of freight cars, debit balance, \$62.29; interest on funded debt, \$29,500.00; amortization of discount on funded debt, \$2,279.05; debit balance transferred to profit and loss, \$23,921.02.

**Profit and Loss Account**—Debit balance at beginning of year, \$7,900.87; debit balance transferred from income, \$23,921.02; credit balance carried to balance sheet, \$31,821.89.

**Operating Revenues**—Freight, \$35,104.09; passenger, \$5,396.24; excess baggage, \$32.83; mail, \$2,019.54; express, \$135.42; switching, \$303.00; storage, freight, \$7.54; storage, baggage, \$5.55; demurrage, \$35.00; miscellaneous, \$45.20; total operating revenues, \$43,085.41.

**Operating Expenses**—Maintenance of way and structures, \$9,820.82; maintenance of equipment, \$4,732.34; traffic expenses, \$509.21; transportation, \$12,661.81; general, \$3,370.54; total operating expenses, \$31,094.72.

*General Balance Sheet—*

**Assets**—Investment in road and equipment, \$710,416.88; current assets, \$19,179.42; unadjusted debits, \$27,485.43.

**Liabilities**—Capital stock, \$100,000.00; funded debt, \$590,000.00; current liabilities, \$83,525.00; deferred liabilities, \$1,346.19; unadjusted credits, \$14,032.43; corporate deficit, \$31,821.89.

**Revenue Freight Carried During the Year, in Tons**—Products of agriculture, 18,740; products of animals, 391; products of mines, 116; products of forests, 2,708; manufactures, 263; miscellaneous, 15; total all commodities, 23,233.

### The Independence & Monmouth Railway Company

Organized March 23, 1899, under the laws of the State of Oregon.

**Officers**—President, Treasurer and General Manager, H. Hirschberg; Secretary, D. W. Sears; Auditor, L. Wanless.

Road operated, Independence to Monmouth, Oregon, 2.5 miles.

*Income Account*—Railway operating revenues, \$6,932.69; railway operating expenses, \$10,937.75; net loss from railway operations, \$4,005.06; railway tax accruals, \$373.44; operating deficit, \$4,378.50.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$31,566.47; stocks, \$250.00; current assets, \$654.12.

*Liabilities*—Capital stock, \$25,000.00; current liabilities, \$2,023.41; unadjusted credits, \$244.76; corporate surplus, \$5,202.42.

## Mount Hood Railroad Company

Organized February 23, 1905, under the laws of the State of Oregon.

*Officers*—President, L. R. Eccles; Vice-President and General Manager, Chas. T. Early; Secretary and Treasurer, H. H. Rolapp.

Road operated, Hood River, Oregon, to Parkdale, Oregon, 22.20 miles.

*Income Account*—Net revenue from operations, \$19,299.14; railway tax accruals, \$4,137.34; joint facility rents, \$465.00; interest on funded debt, \$30,000.00; amortization of discount on funded debt, \$6,562.45; income appropriated for investment in physical property, \$5,514.85; stock discount extinguished through income, \$12,250.00; income debit balance transferred to profit and loss, \$39,630.50.

*Profit and Loss Account*—Debit balance at beginning of the year, \$113,332.76; debit balance transferred from income, \$39,630.50; debit balance carried to balance sheet, \$152,963.26.

*Operating Revenues*—Freight, \$57,675.28; passenger, \$9,537.96; excess baggage, \$166.58; mail, \$911.03; demurrage, \$627.00; telegraph and telephone, \$236.60; miscellaneous, \$305.54; total operating revenues, \$69,660.04.

*Operating Expenses*—Maintenance of way and structures, \$18,248.67; maintenance of equipment, \$8,218.04; traffic expenses, \$1,677.62; transportation, \$20,568.32; general, \$1,648.25; total operating expenses, \$50,360.90.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$403,236.15; improvements on leased property, \$3,850.10; other investments, \$66,223.90; current assets, \$24,314.65; unadjusted debits, \$198,840.64.

*Liabilities*—Capital stock, \$250,000.00; funded debt, \$500,000.00; current liabilities, \$5,034.83; unadjusted credits, \$59,542.32; appropriated surplus, \$34,851.55; profit and loss debit balance, \$152,963.26; corporate surplus, \$118,111.71.

*Revenue Freight Carried During the Year, in Tons*—Products of agriculture, 8,017; products of mines, 280; products of animals, 240; products of forests, 51,075; manufactures, 1,682; total, 61,294.

## Nevada-California-Oregon Railway

Organized March 31, 1888, under the laws of the State of Nevada.

*Officers*—Chairman of the Board and President, Chas. Moran; Secretary, S. H. McCartney; Treasurer and General Manager, R. M. Cox.

Road owned and operated in Oregon, 13.94 miles.

*Income Account*—Net revenue from operations, \$73,891.66; railway tax accruals, \$23,950.94; uncollectible railway revenues, \$100.50; railway operating income, \$49,840.22; nonoperating income, \$2,035.93; interest on funded debt, \$62,910.13; other deductions, \$924.96; income applied to sinking and other reserve funds, \$13,640.02.

*Profit and Loss Account*—Debit balance transferred from income, \$25,598.96; surplus appropriated for investment in physical property, \$1,087.67; debt discount extinguished through surplus, \$5,800.00; loss on retired road and equipment, \$2,232.71; miscellaneous debits, \$6,033.69; credit balance carried to balance sheet, \$62,532.73; credit balance at beginning of year, \$91,895.76; miscellaneous credits, \$2,390.00.

*Operating Revenues*—State of Oregon: Freight, \$5,122.86; passenger, \$2,838.97; excess baggage, \$34.69; sleeping car, \$53.38; mail, \$1,500.17; express, \$399.60; special train service, \$20.64; total transportation revenue, \$9,970.31; total incidental revenue, \$384.64. Total operating revenues, \$10,354.95.

*Operating Expenses*—State of Oregon: Maintenance of way and structures, \$6,042.07; maintenance of equipment, \$1,947.57; traffic, \$394.41; transportation, \$7,797.65; miscellaneous operations, \$213.68; general, \$1,532.37; total railway operating expenses, \$17,927.75.

*General Balance Sheet*—

*Assets*—Investments, \$4,269,564.94; current assets, \$76,870.34; unadjusted debits, \$3,434.28.

*Liabilities*—Capital stock, \$2,200,000.00; funded debt, \$1,277,000.00; current liabilities, \$67,053.15; deferred liabilities, \$172.00; unadjusted credits, \$229,054.25; corporate surplus, \$576,572.16.

Gage of track, three feet.

## Northern Pacific Railway Company

Chartered by the State of Wisconsin, March 15, 1870.

*Officers*—Chairman of the Board, Wm. P. Clough; President, J. M. Hannaford; Secretary, Geo. H. Earl; Treasurer, C. A. Clark; General Manager, E. C. Blanchard.

Road operated, State of Oregon, 65.29 miles.

*Operating Revenues*—State of Oregon: Freight, \$68,882.97; passenger, \$48,128.80; total operating revenues, \$152,819.40.

*Operating Expenses*—State of Oregon: Maintenance of way and structures, \$45,909.69; maintenance of equipment, \$16,859.56; traffic, \$3,602.91; transportation, \$119,571.99; miscellaneous operations, \$1,863.09; general, \$6,318.56; transportation for investment credit, \$3.87; total operating expenses, \$194,121.93.

## Oregon & California Railroad Company

Organized March 17, 1870, under the laws of the State of Oregon.

*Officers*—President, Wm. Sproule; Secretary, Wm. D. Fenton; Treasurer, A. K. Van Deventer.

This corporation is controlled by the Southern Pacific Company through ownership of outstanding capital stock.

The railroad property belonging to this company is leased to the Southern Pacific Company.

*Income Account*—Income from lease of road, \$863,790.63; interest on funded debt, \$1,188,617.49; other deductions from income, \$329,388.88; income debit balance transferred to profit and loss, \$364,994.59.

*Profit and Loss Account*—Credit balance at beginning of year, \$811,909.75; other credits, \$93,641.42; debit balance transferred from income, \$364,994.59; other debits, \$540,556.58.

*General Balance Sheet*—

*Assets*—Investments, \$45,700,057.59; current assets, \$5,638.77; other assets, \$2,090.11.

*Liabilities*—Capital stock, \$19,000,000.00; funded debt, \$17,745,000.00; open accounts, \$5,094,007.55; current liabilities, \$499,579.19; deferred liabilities, \$3,131.62; unadjusted credits, \$633,670.11; appropriated surplus, \$2,538,601.60; profit and loss credit balance, \$193,796.40; corporate surplus, \$2,732,398.00.

## Oregon Pacific & Eastern Railway Company

Organized October 14, 1912, under the laws of the State of Oregon.

*Officers*—President, G. B. Hengen; Vice-President, A. B. Wood; Secretary and Auditor, J. B. Protzman.

Road Operated: Main line, Cottage Grove, Oregon, to Disston, Oregon, 20 miles.

*Income Account*—Net revenue from railway operations, \$12,339.34; railway tax accruals, \$1,516.93; gross income, \$10,822.41; interest on unfunded debt, \$2,132.62; amortization of discount on funded debt, \$3,300.00; total deductions from gross income, \$5,432.62; net income, \$5,389.79; income appropriated for investment in physical property, \$6,668.25; miscellaneous appropriation of income, \$3,610.00; income debit balance transferred to profit and loss, \$4,888.46.

*Profit and Loss Account*—Debit balance beginning of year, \$4,822.13; debit balance transferred from income, \$4,888.46; debit balance carried to balance sheet, \$9,710.59.

*Operating Revenues*—Freight, \$30,624.13; passenger, \$3,948.80; mail, \$868.68; switching, \$424.00; miscellaneous, \$33.87; total operating revenues, \$35,899.48.

*Operating Expenses*—Maintenance of way and structures, \$8,096.19; maintenance of equipment, \$4,387.70; traffic expenses, \$15.00; transportation, \$6,933.82; general, \$4,127.43; total operating expenses, \$23,560.14.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$463,695.08; current assets, \$8,193.92; unadjusted debits, \$107,750.00.

*Liabilities*—Capital stock, \$200,250.00; funded debt, \$330,000.00; current liabilities, \$42,401.38; unadjusted credits, \$6,419.96; total appropriated surplus, \$10,278.25; profit and loss debit balance, \$9,710.59; total corporate surplus, \$567.65.

*Revenue Freight Carried During the Year, in Tons*—Products of agriculture, 29; products of mines, 112; products of forests, 87,770; manufactures, 133; merchandise, 620; total, 88,664.

## Oregon Short Line Railroad Company

Organized February 1, 1897, under the laws of the State of Utah.

*Officers*—Chairman of the Board, Robert S. Lovett; President, E. E. Calvin; Secretary, Alexander Millar; Treasurer, Frederic V. S. Crosby; General Manager, H. V. Platt.

This company is controlled by the Union Pacific Railroad Company through ownership of its capital stock.

Road operated in State of Oregon, 207.18 miles.

*Operating Revenues*—State of Oregon: Freight, \$410,251.14; passenger, \$133,318.06; total rail line transportation revenue, \$614,789.93; incidental operating revenue, \$36,281.34; total operating revenue, \$651,071.27.

*Operating Expenses*—State of Oregon: Maintenance of way and structures, \$153,106.13; maintenance of equipment, \$166,385.04; traffic, \$9,968.59; transportation, \$180,153.31; miscellaneous operations, \$18,647.24; general, \$24,616.01; total operating expenses, \$552,776.32.

*Freight Traffic Movement, in Tons*—State of Oregon: Products of agriculture, 417,476; products of animals, 123,214; products of mines, 735,755; products of forests, 780,682; manufactures, 292,716; total tonnage, 2,447,846.

## Oregon Trunk Railway

Organized November 3, 1909, under the laws of the State of Washington.

*Officers*—President, L. C. Gilman; Secretary and Treasurer, W. G. Davidson; General Superintendent, A. J. Davidson.

This corporation is controlled by the Spokane, Portland & Seattle Railway Company, through ownership of capital stock.

Road operated in State of Oregon: Main line, 156.18 miles.

*Income Account*—Net revenue from operations, \$66,692.63; railway tax accruals, \$61,890.00; uncollectible railway revenues, \$111.43; operating income, \$4,691.20; rent from locomotives, \$8,328.79; rent from work equipment, \$1,958.46;



joint facility rent income, \$97,858.05; gross income, \$115,900.52; rent for equipment, \$28,445.88; interest on funded debt, \$457,079.16; net loss, \$369,878.29.

*Profit and Loss Account*—Debit balance at beginning of the year, \$1,149,359.19; debit balance transferred from income, \$369,878.29; other debits, \$5,798.99; unrefundable overcharges, \$160.98; donations, \$315.00; miscellaneous credits, \$454.97; debit balance carried to balance sheet, \$1,525,105.48.

*General Balance Sheet*—

*Assets*—Investments, \$16,425,932.46; current assets, \$147,760.85; deferred assets, \$6,068.04; unadjusted debits, \$3,814.09.

*Liabilities*—Capital stock, \$10,000,000.00; long term debt, \$7,959,627.10; current liabilities, \$78,401.32; deferred liabilities, \$160.32; unadjusted credits, \$70,177.18; corporate deficit, \$1,524,790.48.

*Revenue Freight Carried During the Year, in Tons*—Products of agriculture, 8,780; products of animals, 8,309; products of mines, 943; products of forests, 10,675; manufactures, 11,000; total all commodities, 47,274.

## Oregon-Washington Railroad and Navigation Company

Organized November 23, 1910, under the laws of the State of Oregon.

*Officers*—Chairman of the Board, Robert S. Lovett; President, J. D. Farrell; Vice-President and General Manager, J. P. O'Brien; Secretary, Alexander Millar; Treasurer, Frederic V. S. Crosby.

This company is controlled by the Oregon Short Line Railroad Company through ownership of the capital stock.

*Income Account*—Railway operating revenues, \$17,447,345.64; railway operating expenses, \$11,846,447.58; net revenue from railway operations, \$5,600,898.06; railway tax accruals, \$1,192,502.62; uncollectible railway revenues, \$2,011.10; railway operating income, \$4,406,384.34; net revenue from miscellaneous operations, \$74,796.86; taxes on miscellaneous operating property, \$47,549.10; miscellaneous operating income, \$27,247.76; total operating income, \$4,433,632.10; hire of freight cars, credit balance, \$169,143.56; rent from locomotives, \$7,944.38; rent from passenger train cars, \$106,791.46; rent from work equipment, \$4,446.12; joint facility rent income, \$348,310.89; income from lease of road, \$369,460.33; miscellaneous rent income, \$25,468.97; miscellaneous non-operating physical property income, \$5,238.36; separately operated properties, profit, \$10,331.97; income from funded securities, \$19,368.33; income from unfunded securities and accounts, \$29,596.69; miscellaneous income, \$540.49; total nonoperating income \$1,096,641.55; gross income, \$5,530,273.65; rent for locomotives, \$20,634.49; rent for passenger train cars, \$111,936.03; rent for floating equipment, \$49.00; rent for work equipment, \$18,608.63; joint facility rent, \$1,021,638.60; miscellaneous rents, \$932.04; separately operated properties, loss, \$24,170.53; interest on funded debt, \$4,165,230.64; interest on unfunded debt, \$86,168.51; amortization of discount on funded debt, \$66,615.12; miscellaneous income charges, \$12,264.55; total deductions from gross income, \$5,528,248.14; net income balance transferred to profit and loss, \$2,025.51.

*Profit and Loss Account*—Credit balance at beginning of year, \$1,572,928.67; credit balance transferred from income, \$2,025.51; profit on road and equipment sold, \$8,567.84; unrefundable overcharges, \$9,059.21; miscellaneous credits, \$8,582.90; debt discount extinguished through surplus, \$354.15; loss on retired road and equipment, \$29,819.17; miscellaneous debits, \$6,673.45; credit balance carried to balance sheet, \$1,564,317.36.

*Railway Operating Revenues—*

Class of revenue	Entire line Total revenue	Revenues earned within Oregon		
		On intrastate traffic	On interstate traffic	Total
Freight .....	\$11,419,048.29	\$1,449,364.88	\$6,289,585.84	\$ 7,738,950.67
Passenger .....	4,367,891.11	1,009,032.28	1,341,232.74	2,350,265.02
Excess baggage .....	51,789.86	10,624.88	19,517.70	30,142.58
Parlor and chair car..	23,385.17	906.25	1,587.95	2,494.20
Mail .....	435,659.78	.....	341,517.63	341,517.63
Express .....	388,024.79	.....	170,733.78	170,733.78
Other passenger train	14,063.80	8,915.89	3,906.76	7,821.65
Switching .....	178,542.33	123,830.06	.....	123,830.06
Special service train..	5,976.86	3,218.24	690.69	3,908.83
Water transfers— Passenger .....	518.30	.....	.....	.....
Total rail line trans- portation revenue ..	\$16,884,900.29	\$ .....	\$ .....	\$10,769,664.41
Total water line transportation .....	\$ 163,601.00	\$ .....	\$ .....	\$ 85,644.20
Dining and buffet ....	131,734.75	.....	74,552.63	74,552.63
Hotel and restaurant ..	12,856.82	11,326.54	.....	11,326.54
Station, train and boat privileges .....	20,139.13	2,366.19	6,880.48	9,246.67
Parcel room .....	5,094.48	1,837.38	.....	1,837.38
Storage—freight .....	7,082.13	6,208.57	r 2.17	6,206.40
Storage—baggage .....	7,144.38	1,968.50	.....	1,968.50
Demurrage .....	28,097.00	16,401.73	.49	16,402.22
Telegraph and tele- phone .....	517.11	470.53	.....	470.53
Rents of buildings and other property .....	13,139.27	2,968.31	.....	2,968.31
Miscellaneous .....	177,765.54	151,517.86	5,176.86	156,693.22
Total incidental oper- ating revenue .....	\$ 403,560.61	\$ .....	\$ .....	\$ 281,672.40
Joint facility—credit ..	\$ 28,656.25	\$ 25,887.20	\$ .....	\$ 25,887.20
Joint facility—debit ....	33,372.51	26,061.50	.....	26,061.50
Total joint facility operating revenue .....	\$ r 4,716.26	.....	.....	\$ r 174.30
Total railway oper- ating revenues .....	\$17,447,345.64	\$2,836,525.34	\$8,300,281.37	\$11,136,806.71

r—subtractive.

*Railway Operating Expenses—*

	Entire line	Oregon
Maintenance of ways and structures .....	\$ 2,900,606.48	\$ 1,783,233.05
Maintenance of equipment .....	1,993,901.16	1,171,038.78
Traffic .....	532,708.81	348,874.30
Transportation, rail line .....	5,378,069.77	3,205,689.73
Transportation, water line .....	135,051.45	69,166.17
Miscellaneous operations .....	215,673.66	159,148.25
General .....	750,725.27	439,624.89
Transportation for investment, credit.....	60,283.52	52,790.57
Total railway operating expenses .....	\$11,846,447.58	\$ 7,123,984.61

*General Balance Sheet—*

Assets—Road and equipment, \$156,650,310.14; deposits in lieu of mortgaged property sold, \$3,512.25; miscellaneous physical property, \$642,351.13; investments in affiliated companies, \$1,914,482.55; other investments, \$25,000.00; cash, \$575,361.84; special deposits, \$93,493.15; loans and bills receivable, \$53,104.42; traffic and car service balances receivable, \$382,957.66; net bal-

ance receivable from agents and conductors, \$129,438.31; miscellaneous accounts receivable, \$761,746.42; material and supplies, \$1,328,037.27; interest and dividends receivable, \$1,668.05; rents receivable, \$31,447.88; other current assets, \$5,837.78; deferred assets, \$161,959.97; discount on funded debt, \$2,969,922.54; other unadjusted debits, \$182,256.64.

**Liabilities**—Capital stock, \$50,000,000.00; funded debt unmatured, \$94,739,035.00; open accounts, \$8,051,636.03; traffic and car service balances payable \$122,991.66; audited accounts and wages payable, \$1,435,246.75; miscellaneous accounts payable, \$232,761.85; interest matured unpaid, \$1,483,535.55; funded debt matured unpaid, \$3,000.00; unmatured interest accrued, \$77,933.33; unmatured rents accrued, \$206,158.95; other current liabilities, \$282,247.01; deferred liabilities, \$1,737,703.79; tax liability, \$989,486.15; insurance and casualty reserves, \$160,818.42; accrued depreciation, \$4,139,524.93; other unadjusted credits, \$459,039.02; additions to property through income and surplus, \$177,452.20; profit and loss credit balance, \$1,564,317.36; total corporate surplus, \$1,741,769.56.

**Freight Traffic Movement in Tons**—State of Oregon: Grain, 586,646; flour, 100,599; other mill products, 44,474; hay, 43,149; tobacco, 165; cotton, 18,907; fruit and vegetables, 100,255; other products of agriculture, 25,374; total products of agriculture, 919,569; live stock, 115,153; dressed meats, 4,408; other packing house products, 6,346; poultry, game and fish, 35,861; wool, 7,603; hides and leather, 6,839; other products of animals, 11,559; total products of animals, 187,769; anthracite coal, 281; bituminous coal, 263,562; coke, 1,886; ores, 141,766; stone, sand and other like articles, 165,299; other products of mines, 24,824; total products of mines, 597,618; lumber, 1,380,729; other products of forests, 136,794; total products of forests, 1,517,523; petroleum and other oils, 31,742; sugar, 15,016; naval stores, 117; iron, pig and bloom, 3,473; iron and steel rails, 21,360; other castings and machinery, 40,303; bar and sheet metal, 28,809; cement, brick and lime, 59,590; agricultural implements, 8,700; wagons, carriages, tools, etc., 18,029; wines, liquors and beers, 9,832; household goods and furniture, 11,401; other manufactures, 151,826; total manufactures, 400,198; merchandise, 171,779; miscellaneous, 74,907; total tonnage, State, 3,869,363.

## Pacific & Eastern Railway Company

Organized May 25, 1907, under the laws of the State of Oregon.

**Officers**—President, L. C. Gilman, General Superintendent, A. J. Davidson; Secretary, W. G. Davidson.

This company is controlled by the Spokane, Portland & Seattle Railway Company through ownership of capital stock.

**Road Operated**—Medford to Butte Falls, Oregon, 32.83 miles.

**Income Account**—Net loss from railway operation, \$8,960.84; railway tax accruals, \$2,100.00; uncollectible railway revenues, \$2.00; nonoperating income, \$342.44; hire of freight cars, \$1,642.51; rent for passenger train cars, \$5.00; interest on funded debt, \$18,000.00; interest on unfunded debt, \$110,759.26; net loss, \$141,127.17.

**Profit and Loss Account**—Debit balance at beginning of year \$459,907.51; debit balance transferred from income, \$141,127.17; loss on retired road and equipment, \$800.00; miscellaneous debits, \$246.21; credits, unrefundable overcharges, \$1.84; debit balance carried to balance sheet, \$602,079.05.

**Operating Revenues**—Freight \$9,385.84; passenger \$5,474.14; excess baggage, \$28.40; mail, \$987.32; express, \$286.33; switching, \$29.90; storage freight \$1.90; demurrage, \$44.00; miscellaneous, \$125.48; total operating revenues, \$16,363.31.

**Operating Expenses**—Maintenance of way and structures, \$8,957.79; maintenance of equipment, \$2,684.83; traffic expenses, \$431.17; transportation, \$11,762.84; general, \$1,823.15; transportation for investment credit, \$335.63. Total operating expenses, \$25,324.15.

### General Balance Sheet—

**Assets**—Investment in road and equipment, \$2,083,070.52; sinking funds, \$80,000.00; current assets, \$11,366.97; unadjusted debits, \$3,160.48.

Liabilities—Capital stock, \$500,000.00; funded debt, \$300,000.00; notes \$1,685,822.96; open accounts, \$253,376.30; current liabilities, \$32,247.70; unadjusted credits, \$3,230.06; total corporate deficits, \$602,079.05.

*Revenue Freight Carried During the Year in Tons*—Products of agriculture, 489; products of animals, 64; products of mines, 233; products of forests, 5,399; manufactures, 190; merchandise, 1,366; miscellaneous, 20. Total freight, 7,761.

### C. A. Smith Lumber and Manufacturing Company

Organized June 8, 1907, under the laws of the State of Minnesota.

*Officers*—President, F. A. Warner; Secretary, C. L. Trabert; General Manager, C. R. Johnson.

Southern Pacific Company operates trains over the track of this company from Myrtle Point to Powers, 18.56 miles.

Revenues, \$21,993.74; expenses, \$17,211.77.

### Southern Pacific Company

Organized March 17, 1884, under the laws of the State of Kentucky.

*Officers*—Chairman of Executive Committee, Julius Kruttschnitt; President, Wm. Sproule; Vice-President and Chief Counsel, Wm. F. Herrin; Vice-President and General Manager, W. R. Scott; Secretary, Hugh Neill; Treasurer, A. K. Van Deventer; Auditor, T. O. Edwards.

*Road Operated*—State of Oregon, 1,161.05 miles; street railway lines, 30.46; road owned State of Oregon, 356.57 miles; streetcar lines, 30.46 miles.

Investment in road and equipment since June 30, 1914, \$31,345,423.65. Total cost of road and equipment to June 30, 1916, in Oregon, \$31,350,863.57.

*Income Account*—Railway operating revenues, \$115,942,990.97; railway operating expenses, \$71,678,819.91; net revenue from railway operation, \$44,264,171.06; railway tax accrual, \$5,068,111.49; uncollectible railway revenue, \$19,822.34; railway operating income, \$39,176,237.23; nonoperating income, hire freight cars, credit balance, \$315,103.95; rent from locomotives, \$200,331.96; rent from passenger train cars, \$482,185.58; rent from floating equipment, \$46,486.98; rent from work equipment, \$37,465.69; joint facility rent income, \$471,026.80; income from lease of road, \$1,376,630.68; miscellaneous rent income, \$407,429.80; miscellaneous nonoperating physical property, \$204,292.43; dividend income, \$16,898,572.57; income from funded securities, \$10,800,357.47; income from unfunded securities and accounts, \$584,731.14; miscellaneous income, debit, \$78,836.98; total nonoperating income, \$31,745,778.07; gross income, \$70,922,015.30; deductions from gross income, rent for locomotives, \$20,455.49; rent for passenger train cars, \$289,185.13; rent for floating equipment, \$249,810.94; rent for work equipment, \$3,048.67; joint facility rents, \$689,562.03; rent for leased roads, \$34,355,863.15; miscellaneous rents, \$679,121.53; miscellaneous tax accruals, \$986,027.73; interest on funded debt, \$11,512,201.85; interest on unfunded debt, \$30,206.19; amortization of discount on funded debt, \$159,420.33; maintenance of investment organization, \$118,199.81; miscellaneous income charges, \$37,696.41; total deductions from gross income, \$49,130,799.26; net income \$21,791,216.04; income applied to sinking and other reserve funds, \$5,000.00; income balance transferred to profit and loss, \$21,786,216.04.

*Profit and Loss Account*—Surplus applied to sinking and other reserve funds, \$2,500.00; dividend appropriations of surplus, \$16,360,631.96; loss on retired road and equipment, \$26,093.21; delayed income debit, \$53,158.33; miscellaneous debits, \$1,514,045.81; credit balance carried to balance sheet, \$117,219,273.94; credit balance at beginning of the year, \$112,926,447.06; credit balance transferred from income, \$21,786,216.04; profit on road and equipment sold, \$150.22; delayed income credits, \$271,950.72; unrefundable overcharges, \$48,381.62; donations charged to proprietary companies, debits, \$55,851.74; miscellaneous credits, \$198,409.33.

*Railway Operating Revenues—*

Class of revenues	Entire line Total revenues	Revenues earned within Oregon		
		On intrastate traffic	On interstate traffic	Total
Freight .....	\$ 64,421,738.06	\$1,655,875.17	\$2,217,399.67	(A) \$3,804,493.97
Passenger .....	31,510,434.08	1,714,042.47	2,085,965.80	(B) 3,801,604.73
Excess baggage .....	333,807.00	16,046.91	28,714.00	44,760.91
Parlor and chair car .....	20,453.22	885.22	.....	885.22
Mail .....	2,313,980.98	232,675.00	11,872.96	244,547.96
Express .....	2,525,711.46	.....	.....	(C) 429,370.95
Other passenger train .....	771,614.51	r 567.51	3,578.53	(D) 88,018.68
Switching .....	438,421.98	58,095.33	.....	(E) 74,603.33
Special service train .....	22,231.08	r 445.30	3,874.44	3,429.14
Other freight train	3,268.89	5,679.70	r 4,938.66	(F) 334.71
Water transfers— Freight .....	74,203.69	.....	.....	.....
Water transfers— Passenger .....	102,787.20	.....	.....	.....
Water transfers— Vehicles and live stock .....	292,917.07	.....	.....	.....
Water transfers— Other .....	489.60	.....	.....	.....
Total rail line transportation revenue .....	\$102,832,063.82	\$ .....	\$ .....	\$3,492,049.19
Total water line transportation revenue .....	\$ 9,693,669.23	\$ 28,376.94	\$ 96.67	\$ 28,473.61
Dining and buffet.. Hotel and restau- rant .....	\$ 1,803,638.68	\$ 615.25	\$ 209,614.02	\$ 210,229.27
Station, train and boat privileges ..	564,723.13	762.97	.....	762.97
Parcel room .....	184,818.65	6,258.69	.....	(G) 18,465.30
Storage—Freight ..	28,769.64	2,071.09	.....	2,071.09
Storage—Baggage ..	82,264.51	3,621.71	.....	3,621.71
Demurrage .....	68,850.73	3,564.00	.....	3,564.00
Telegraph and tel- ephone .....	140,555.65	12,692.00	.....	12,692.00
Power .....	80,115.95	115.96	.....	(H) 12,228.61
Rents of buildings and other prop- erty .....	13,877.33	8,742.66	.....	8,742.66
Miscellaneous .....	33,364.60	2,083.34	.....	2,083.34
	372,835.61	49,522.22	.....	(I) 64,099.11
Total incidental op- erating revenues	\$ 3,373,814.18	\$ .....	\$ .....	\$ 338,560.06
Joint facility, Cr...	\$ 47,984.04	\$ 20,491.65	\$ .....	\$ 20,491.65
Joint facility, Dr...	r 4,540.60	125.00	.....	125.00
Total joint facili- ty operating revenue .....	\$ 43,443.44	\$ 20,616.65	\$ .....	\$ 20,616.65
Total railway oper- ating revenues	\$115,942,990.97	\$ .....	\$ .....	\$3,879,699.51

r—subtractive.

**Railway Operating Expenses**—Entire line, maintenance of way and structures, \$12,568,901.53; maintenance of equipment, \$16,484,201.99; traffic, \$2,186,675.48; transportation rail lines, \$29,515,614.00; transportation water line, \$6,341,560.18; miscellaneous operations, \$2,039,478.61; general, \$2,785,065.30; transportation for investment credit, \$242,677.18; grand total railway operating expenses, \$71,678,819.91.

**Operating Expenses**—State of Oregon: Maintenance of way and structures, \$2,114,328.68; maintenance of equipment, \$1,287,140.05; traffic, \$199,478.18; transportation of rail line, \$3,167,666.83; transportation water line, \$30,876.65; miscellaneous operations, \$176,365.41; general, \$322,291.55; transportation for investment credit, \$18,919.75; grand total railway operating expenses, \$7,279,227.60; operating ratio entire line, 61.82 per cent.

**General Balance Sheet—**

**Assets**—Investment in road and equipment, \$112,099,691.84; improvements on leased railway property, \$1,372,067.77; miscellaneous physical property, \$16,466,733.02; investments in affiliated companies, stocks, \$278,787,306.14; bonds, \$132,846,491.89; stocks and bonds, cost inseparable, \$3,004,584.96; notes, \$14,547,544.87; advances, \$119,331,843.58; other investments, stocks, \$39,206.84; bonds, \$6,801,905.35; notes, \$4,619,276.62; total investments, \$689,916,652.88; current assets, cash, \$12,373,670.94; demand loans and deposits, \$5,000,000.00; special deposits, \$91,434.45; loans and bills receivable, \$24,987.61; traffic and car service balances receivable, \$1,504,752.58; net balance receivable from agents and conductors, \$2,239,434.56; miscellaneous accounts receivable, \$3,121,757.43; material and supplies, \$10,567,585.00; interest and dividends receivable, \$2,802,792.15; rents receivable, \$21,206.25; other current assets; \$28,599.22; total current assets, \$37,776,220.09; deferred assets, \$6,007,107.75; rents and insurance premiums paid in advance, \$124,048.55; discount on funded debt, \$1,691,202.61; other unadjusted debits, \$2,941,047.87; total unadjusted debits, \$4,756,299.03; total assets, \$738,456,279.75.

**Liabilities**—Capital stock, \$272,677,905.64; funded debt, \$204,835,110.00; non-negotiable debt to affiliated companies, \$78,982,230.42; total long term debt, \$283,817,340.42; current liabilities, traffic and car services balances payable, \$1,420,610.07; audited accounts and wages payable, \$6,479,218.84; miscellaneous accounts payable, \$898,534.86; interest matured unpaid, \$423,036.28; dividends matured unpaid, \$4,146,387.02; unmatured dividends declared, \$4,090,168.58; unmatured interest accrued, \$1,807,268.70; unmatured rents accrued, \$11,817.08; other current liabilities, \$111,666.53; total current liabilities, \$19,388,706.96; deferred liabilities, \$233,637.49; unadjusted credits, tax liability, \$1,200,021.56; insurance and casualty reserves, \$1,697,155.48; accrued depreciation, road, \$44,254.22; accrued depreciation, equipment, \$11,182,140.94; other unadjusted credits, \$30,963,849.21; total unadjusted credits, \$45,087,421.41; corporate surplus, funded debt retired through income and surplus, \$29,456.20; sinking fund reserves, \$2,537.69; total appropriated surplus, \$31,993.89; profit and loss credit balance, \$117,219,273.94; total corporate surplus, \$117,251,267.83; total liabilities, \$738,456,279.75.

**Freight Traffic Movement in Tons**—State of Oregon—Products of agriculture, grain, 43,956; flour, 16,237; other mill products, 34,948; hay, 26,738; cotton, 1,596; fruit and vegetables, 134,786; other products of agriculture, 12,007; total products of agriculture, 270,268; live stock, 47,385; dressed meats, 853; other packing house products, 6,556; poultry, game and fish, 2,342; wool, 1,344; hides and leather, 4,080; other products of animals, 22,064; total products of animals, 84,624; coal, 22,772; coke, 6,276; ores, 58,694; stone, sand and other like articles, 213,457; other products of mines, 44,987; total products of mines, 346,286; lumber, 1,295,520; other products of forests, 248,740; total products of forests, 1,544,260; petroleum and other oils, 26,781; sugar, 6,154; naval stores, 136; iron, pig and bloom, 3,508; iron and steel rails, 8,162; other castings and machinery, 25,490; bar and sheet metal, 4,555; cement, brick and lime, 42,630; agricultural implements, 3,058; wagons, carriages, tools, etc., 8,886; wines, liquors and beers, 20,456; household goods and furniture, 4,622; other manufactures, 70,489; total manufactures, 224,927; merchandise, 165,213; miscellaneous, 27,101; total tonnage, 2,662,679.

## Spokane, Portland & Seattle Railway Company

Organized August 22, 1905, under the laws of the State of Washington.

*Officers*—President, L. C. Gilman; Secretary, W. F. Turner; General Superintendent, A. J. Davidson.

This company is controlled by the Great Northern Railway Company and Northern Pacific Railway Company, through ownership of the capital stock.

Road operated in Oregon, 132.27 miles. Road owned in Oregon, 91.23 miles.

*Income Account*—Net revenue from railway operations, \$2,450,982.86; railway tax accruals, \$656,980.00; uncollectible railway revenues, \$1,237.31; operating income, \$1,792,765.55; nonoperating income, \$432,765.64; interest on funded debt, \$2,954,700.00; interest on unfunded debt, \$515,292.22; amortization of discount on funded debt, \$444,618.48; net loss, \$1,998,667.02.

*Profit and Loss Account*—Debit balance at beginning of year, \$7,390,363.91; debit balance transferred from income, \$1,998,667.02; other debits, \$64,404.88; profit on road and equipment sold, \$10,880.99; unrefundable overcharges, \$673.68; donations, \$1,525.20; miscellaneous credits, \$8,183.02; debit balance carried to balance sheet, \$9,432,172.92.

### *Railway Operating Revenues—*

Class of revenues	Entire line Total revenues	Revenues earned within Oregon		
		On intrastate traffic	On interstate traffic	Total
Freight .....	\$3,016,467.27	\$175,950.54	\$348,975.10	\$ 524,925.64
Passenger .....	1,470,057.85	431,461.94	165,822.53	597,284.47
Excess baggage .....	9,920.83	2,429.62	944.46	3,373.08
Sleeping car .....	8,443.07	1,465.04	569.74	2,034.78
Parlor and chair car .....	31,034.60	9,943.49	3,866.91	13,810.40
Mail .....	97,299.80	15,713.92	12,773.04	18,486.96
Express .....	120,347.88	13,539.14	16,547.83	30,086.97
Other passenger train .....	125.51	.....	35.14	35.14
Switching .....	56,694.52	52,158.96	.....	52,158.96
Special service train .....	1,670.50	1,203.34	250.00	1,453.34
Other freight train .....	371.00	.....	64.55	64.55
<b>Total rail line transportation revenue .....</b>	<b>\$4,812,432.83</b>	<b>\$703,864.99</b>	<b>\$539,849.30</b>	<b>\$1,243,714.29</b>
Dining and buffet .....	\$ 37,987.85	\$ 1,139.64	\$ 1,139.63	\$ 2,297.27
Station, train and boat privileges .....	4,771.10	1,192.77	1,192.78	2,385.55
Parcel room .....	3,542.80	3,542.80	.....	3,542.80
Storage—Freight .....	3,155.08	2,113.90	.....	2,113.90
Storage—Baggage .....	2,514.40	2,137.24	.....	2,137.24
Demurrage .....	11,752.00	6,463.60	.....	6,463.60
Telegraph and telephone .....	1,218.42	.....	.....	.....
Rents of buildings and other property .....	22,441.81	20,197.63	.....	20,197.63
Miscellaneous .....	73,864.57	44,318.74	.....	44,318.74
<b>Total incidental operating revenue .....</b>	<b>\$ 161,248.03</b>	<b>\$ 81,106.32</b>	<b>\$ 2,332.41</b>	<b>\$ 83,438.73</b>
Joint facility, debit .....	\$ r 643.44	\$ r 643.44	\$ .....	\$ r 643.44
<b>Total joint facility operating revenue .....</b>	<b>\$ r 643.44</b>	<b>\$ r 643.44</b>	<b>\$ ..... </b>	<b>\$ r 643.44</b>
<b>Total railway operating revenues .....</b>	<b>\$4,973,037.42</b>	<b>\$784,327.87</b>	<b>\$542,181.71</b>	<b>\$1,326,509.58</b>

r—subtractive.

**General Balance Sheet—**

**Assets**—Investment in road and equipment, \$61,266,413.65; deposits in lieu of mortgaged property sold, \$34,950.00; miscellaneous physical property, \$3,717.55; investments in affiliated companies, \$38,627,957.37; other investments, \$19,500.00; current assets, \$1,714,516.46; deferred assets, \$13,062.83; unadjusted debits, \$20,210,825.43.

**Liabilities**—Capital stock, \$40,000,000.00; long term debt, \$84,587,612.54; current liabilities, \$5,395,880.83; deferred liabilities, \$76,426.11; unadjusted credits, \$1,261,672.53; corporate deficit, \$9,432,172.92.

**Freight Movement in Tons**—State of Oregon: Products of agriculture, 364,190; products of animals, 46,063; products of mines, 42,758; products of forests, 250,498; manufactures, 184,502. Total tonnage, 992,433.

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## Sumpter Valley Railway Company

Organized August 15, 1890, under the laws of the State of Oregon.

**Officers**—President, David C. Eccles; Secretary, Joseph A. West; Treasurer, L. R. Eccles; General Manager, E. B. Pengra.

**Road Operated**—Baker, Oregon, to Prairie, Oregon, 80.10 miles.

**Income Account**—Net revenue from operations, \$103,508.06; railway tax accruals, \$10,303.79; hire freight cars, credit balance, \$120.50; miscellaneous rent income, \$892.54; income from unfunded securities and accounts, \$4,776.52; miscellaneous income, \$1,198.50; gross income, \$100,192.33; miscellaneous rents, \$2,589.50; interest on debt, \$48,600.15; income applied to sinking funds, \$49,830.00; debit balance transferred to profit and loss, \$827.32.

**Profit and Loss Account**—Debit balance at beginning of year, \$779,753.35; debit balance transferred from income, \$827.32; miscellaneous appropriation of surplus, \$17,489.58; miscellaneous debits, \$3,364.93; debit balance carried to balance sheet, \$801,435.18.

**Operating Revenues**—Freight, \$275,120.29; passenger, \$43,174.89; excess baggage, \$662.95; mail, \$11,386.03; express, \$4,352.46; switching, \$4,229.00; station, train and boat privileges, \$1.35; storage freight, \$23.27; storage baggage, \$62.85; demurrage, \$613.00; miscellaneous, \$1,393.58. Total operating revenues, \$341,019.67.

**Operating Expenses**—Maintenance of way and structures, \$76,729.80; maintenance of equipment, \$35,407.43; traffic expenses, \$2,418.32; transportation, \$112,021.68; general, \$10,934.38; total operating expenses, \$237,511.61.

**General Balance Sheet—**

**Assets**—Investments, \$1,747,258.58; current assets, cash, \$85,803.40; deposits, \$2,250.00; traffic and car service, balances receivable, \$582.75; net balance receivable from agents and conductors, \$3,106.44; miscellaneous accounts receivable, \$9,345.29; material and supplies, \$36,334.04; total current assets, \$137,421.92; deferred assets, \$50.00; unadjusted debits, \$2,283.23.

**Liabilities**—Capital stock, \$810,000.00; funded debt, \$791,000.00; current liabilities, audited accounts and wages payable, \$47,717.92; miscellaneous accounts payable, \$1,535.40; interest matured unpaid, \$30,000.00; other current liabilities, \$1,701.92; total current liabilities, \$80,955.24; deferred liabilities, \$43.18; unadjusted credits, tax liabilities, \$10,738.70; accrued depreciation, road, \$782,744.74; accrued depreciation, equipment, \$115,007.78; other unadjusted credits, \$1,187.50; total unadjusted credits, \$909,678.72; corporate surplus, additions to property through income and surplus, \$38,841.77; sinking fund reserves, \$57,930.00; total appropriated surplus, \$96,771.77; profit and loss debit balance, \$801,435.18; total corporate deficit, \$704,663.41.

**Revenue Freight Carried During the Year, in Tons**—Products of agriculture, 2,873; products of animals, 2,972; products of mines, 1,624; products of forests, 204,945; manufactures, 2,653; miscellaneous, 958; L. C. L. goods not distributed above, 4,554; total all commodities, 220,579.

**Gage of Track**—Three feet.



## Willamette and Valley Coast Railroad Company

Organized November 15, 1910, under the laws of the State of Oregon.

*Officers*—President, L. B. Menefee; Secretary and Treasurer, J. N. Carpenter; General Manager, M. S. Haskell.

Road owned—Patton, Oregon to Cherry Grove, Oregon, 5.43 miles.

*Operating Revenues*—Freight, \$2,716.62; passenger, \$1,227.68; mail, \$213.96; express, \$74.05; switching, \$21.00; total railway operating revenues, \$4,253.31.

*Operating Expenses*—Maintenance of way and structures, \$1,503.41; maintenance of equipment, \$125.64; transportation, \$3,482.33; general, \$639.13; total railway operating expenses, \$5,750.51.

*General Balance Sheet*—

*Assets*—Investments in road and equipment, \$100,071.25; current assets, \$739.16.

*Liabilities*—Capital stock, \$100,000.00; loans and bills payable, \$1,790.12; corporate deficit, \$979.71.

## COMMERCIAL ROADS—ELECTRIC

### Kenton Traction Company

Organized March 22, 1909, under the laws of the State of Oregon.

*Officers*—President, C. C. Colt; Secretary, Geo. F. Anderson; General Manager, George F. Heusner.

Road Operated—Kilpatrick Street in Portland to North Portland Harbor, three miles.

*Income Account*—Railway operating revenue, \$20,814.56; railway operating expenses, \$20,471.11; taxes, \$260.00; nonoperating income, \$57.65; income balance transferred to profit and loss, \$131.80.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$38,416.29; current assets, \$3,788.83.

*Liabilities*—Capital stock, \$20,000.00; other liabilities, \$22,205.12.

### Pacific Power & Light Company

#### STREET RAILWAY, ASTORIA, OREGON

*Organization*—See report under electric utilities.

*Officers*—See report under electric utilities.

Road Operated—Within limits of City of Astoria, 5.07 miles.

*Income Account*—See report under electric utilities.

*Operating Revenues*—Passenger, \$38,749.15; station and car privileges, \$360.00; total operating revenues, \$39,109.15.

*Operating Expenses*—Way and structures, \$4,313.00; equipment, \$1,087.37; power, \$4,809.78; conducting transportation, \$11,909.88; general, \$6,538.14; total operating expenses, \$28,658.17.

*General Balance Sheet*—See report under electric utilities.

### Oregon Electric Railway Company

Organized, May 4, 1906, under the laws of the State of Oregon.

*Officers*—President, L. C. Gilman; Secretary and Treasurer, W. G. Davidson; General Superintendent, A. J. Davidson.

This company is controlled by the Spokane, Portland & Seattle Railway Company, through ownership of its capital stock.

**Road Operated**—Portland to Eugene, Oregon, 122.3 miles; Garden Home to Forest Grove, Oregon, 19.45 miles; West Woodburn to Woodburn, Oregon, 2.53 miles; Gray to Corvallis, Oregon, 5.20 miles; Oreno to Bowers Junction, 5.05 miles; operated under trackage rights within the City of Portland, 1.62 miles.

**Income Account**—Operating revenues, \$869,797.83; operating expenses, \$708,-627.83; taxes, \$85,452.50; operating income, \$75,717.50; nonoperating income, \$3,376.14; gross income, \$79,093.64; deductions from gross income, \$599,626.18; income debit balance transferred to profit and loss, \$520,532.54.

**Profit and Loss**—Debit balance carried to balance sheet, \$284,386.86.

**General Balance Sheet—**

**Assets**—Investments, \$13,051,990.96; current assets, \$177,550.78; unadjusted debits, \$56,789.08.

**Liabilities**—Capital stock, \$2,530,000.00; long term debt, \$10,618,488.19; current liabilities, \$119,587.27; deferred liabilities, \$4,737.91; unadjusted credits, \$297,816.31; corporate deficit, \$284,386.86.

## Portland Railway, Light & Power Company

Organized June 26, 1906, under the laws of the State of Oregon.

**Officers**—Chairman of the Board, C. M. Clark; President, Franklin T. Griffith; Vice-President, Franklin I. Fuller; Secretary, G. L. Estabrook; Treasurer, C. N. Huggins; General Superintendent, O. B. Coldwell.

**Road Operated**—Owned—Golf Junction to Canemah, 9.60 miles; East Water and Hawthorne Avenue to Casadero, 39.11 miles; Linneman to Fairview, 6.65 miles; Montavilla to Bull Run, 20.82 miles.

City mileage, 177.64 miles; city mileage second track, 77.80 miles; line operated under agreement, 9.06 miles.

**Income Account**—Railway operating revenues, \$3,254,076.77; railway operating expenses, \$2,051,798.92; net revenue railway operations, \$1,202,277.85; auxiliary operations, revenue, \$1,976,216.77; auxiliary operations, expenses, \$780,115.59; net revenue auxiliary operations, \$1,196,101.18; net operating revenue, \$2,398,379.03; taxes, \$532,958.17; operating income, \$1,865,420.86; non-operating income, \$180,168.13; gross income, \$2,045,588.99; deductions from gross income, miscellaneous taxes, \$31,720.84; interest on funded debt, \$1,947,-398.66; interest on unfunded debt, \$59,741.39; miscellaneous debits, \$17,909.92; amortization of discount on funded debt, \$118,578.60; total deductions from gross income, \$2,175,849.41; income debit balance transferred to profit and loss, \$130,260.42.

**Profit and Loss Statement**—Debit balance transferred from income account, \$130,260.42; miscellaneous debits, \$30,540.27; credit balance carried forward to balance sheet, \$461,203.16; credit balance at beginning of fiscal period, \$575,442.89; miscellaneous credits, \$46,561.46.

**Operating Revenues**—Passenger, \$2,997,220.31; baggage, \$35.60; special car, \$5,056.56; mail, \$6,859.96; express, \$16,442.31; freight, \$152,764.70; switching, \$4,817.25; miscellaneous transportation revenue, \$22,368.37; total revenue from transportation, \$3,205,565.06; revenue from other railway operations, station and car privileges, \$15,285.16; parcel room receipts, \$1,790.80; storage, \$7.64; demurrage, \$630.00; rent of tracks and facilities, \$3,941.74; rent of equipment, \$20,826.48; rent of buildings and other properties, \$5,880.71; miscellaneous, \$149.18; total revenue from other railway operations, \$48,511.71; total operating revenues, \$3,254,076.77.

**Operating Expenses**—Way and structures, \$179,078.44; equipment, \$242,-446.07; power, \$83,375.60; transportation, \$1,197,967.10; traffic, \$24,687.75; general and miscellaneous, \$324,343.96; total operating expenses, \$2,051,798.92.

**General Balance Sheet—**

**Assets**—Investment road and equipment, \$59,290,603.52; sinking funds, \$895,-116.43; deposits in lieu of mortgaged property sold, \$4,258.71; miscellaneous

physical property, \$218,070.87; investments in affiliated companies, stock, \$576,-175.70; bonds, \$5,000,000.00; advances, \$257,261.86; total investments, \$66,241,-487.09; cash, \$171,406.56; special deposits, \$247,002.50; loans and notes receivable, \$246,190.99; miscellaneous accounts receivable, \$361,046.75; material and supplies, \$514,288.25; other current assets, \$119,887.52; deferred assets, \$87,715.66; rents and insurance premiums paid in advance, \$13,530.15; discount on funded debt, \$435,859.23; other unadjusted debits, \$51,495.33.

**Liabilities**—Capital stock, \$20,000,000.00; funded debt, \$44,811,000.00; audited accounts and wages payable, \$147,469.69; miscellaneous accounts payable, credit, \$711.34; matured interest rents, dividends and rents unpaid, \$247,002.50; accrued interest dividends and rents payable, \$496,305.28; other current liabilities, \$943,-942.25; liability for provident funds, \$12,251.83; other deferred liabilities, credit, \$17,871.99; tax liability, \$333,655.48; insurance and casualty reserves, \$11,420.87; operating reserves, \$99,698.87; accrued depreciation, road and equipment, \$179,-617.50; accrued depreciation, miscellaneous physical properties, \$745,818.23; other unadjusted credits, \$19,007.70; profit and loss credit balance, \$461,203.16.

**Description of Equipment**—Passenger cars, 633; freight cars, 335; mail and express, 9; miscellaneous, 174; locomotives, 10; total equipment of all classes, 1161.

**Gage of Track**—Four feet eight and one half inches and three feet six inches.

## Portland and Troutdale Electric Railway Company

Organized November 3, 1911, under the laws of the State of Oregon.

**Officers**—President, E. L. Thompson; Secretary, J. L. Hartman; General Manager, L. I. Thompson.

**Revenues**—\$3,987.94. **Expenses**, \$4,704.87; taxes, \$123.10; loss for year, \$840.03.

**Investment**, \$21,746.31.

## Southern Oregon Traction Company

Organized July 15, 1913, under the laws of the State of Oregon.

**Officers**—President, S. S. Bullis; Secretary-Treasurer, R. S. Bullis; General Manager, S. M. Bullis.

**Road Operated**—Medford, Oregon to Jacksonville, Oregon, 7.39 miles.

**Income Account**—Operating revenues, \$10,997.20; operating expenses, \$7,871.79; taxes, \$687.99; gross income, \$2,437.42; interest on debt, \$8,044.11; income debit balance transferred to profit and loss, \$5,606.69; debit balance beginning of fiscal period, \$2,501.52; debit balance carried forward to balance sheet, \$8,108.21.

## United Railways Company

Organized February 2, 1906, under the laws of the State of Oregon.

**Officers**—President, L. C. Gilman; Secretary-Treasurer, W. G. Davidson; General Superintendent, A. J. Davidson.

This company is controlled by the Spokane, Portland & Seattle Railway Company through ownership of its capital stock.

**Road Operated**—28.14 miles.

**Income Account**—Operating revenues, \$65,066.45; operating expenses, \$98,558.62; taxes, \$9,896.64; gross income, \$43,388.81; deductions from gross income, \$279,519.27; income debit balance transferred to profit and loss, \$322,904.38.

*Profit and Loss*—Debit balance beginning of fiscal period, \$1,352,743.48; debit balance transferred from income account, \$322,904.38; other debits, \$143,550.70; debit balance carried forward to balance sheet, \$1,803,120.31.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$6,215,981.93; current assets, \$19,871.38; unadjusted debits, \$729.69.

*Liabilities*—Capital stock, \$3,000,000.00; long term debt, \$4,942,074.52; current liabilities, \$58,712.96; unadjusted credit, \$38,383.02; total corporate deficit, \$1,802,587.50.

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## Walla Walla Valley Railway Company

Organized April 30, 1910, under the laws of the State of Oregon.

*Officers*—President, Guy W. Talbott; Secretary and Treasurer, Geo. F. Nevins; General Manager, C. S. Walters.

*Operating Revenues*—State of Oregon—Passenger, \$21,921.87; freight, \$4,168.22; total, \$27,748.59.

*Operating Expenses*—State of Oregon—Way and structures, \$2,252.16; equipment, \$1,843.12; power, \$3,824.91; conducting transportation, \$8,793.77; traffic, \$218.64; general and miscellaneous, \$4,262.77; total, \$21,195.37.

Taxes in Oregon, \$1,365.92.

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## Willamette Valley Southern Railway Company

Organized December 11, 1908, under the laws of the State of Oregon.

*Officers*—President, Grant B. Dimick; Secretary, O. D. Eby; Treasurer, W. A. Huntley.

This corporation is controlled by the Portland Railway, Light & Power Company through ownership of a majority of the capital stock.

*Road Operated*—Oregon City to Mt. Angel, Oregon, 31.90 miles.

*Income Account*—Operating revenues, \$49,983.65; operating expenses, \$65,770.01; taxes, \$4,019.30; nonoperating income, \$167.37; interest on debt, \$47,294.53; other deductions, \$3,159.37; income debit balance transferred to profit and loss, \$70,092.19.

*Profit and Loss*—Debit balance at beginning of fiscal period, \$33,224.55; debit balance transferred from income account, \$70,092.19; debit balance carried forward to balance sheet, \$103,151.10.

*General Balance Sheet*—

*Assets*—Investments in road and equipment, \$1,908,066.36; current assets, \$13,960.19; deferred assets, \$624.48; discount on funded debt, \$57,587.50.

*Liabilities*—Capital stock, \$1,181,500.00; long term debt, \$868,731.24; current liabilities, \$21,964.77; unadjusted credits, \$8,541.88; appropriated surplus, \$2,651.74; corporate deficit, \$103,151.10.

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## INDUSTRIAL ROADS—STEAM

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### Astoria Southern Railway Company

Organized May 3, 1910, under the laws of the State of Oregon.

*Officers*—President, Watson Eastman; Secretary and Treasurer, Louis Woerner.

*Revenues*—\$36,797.06; expenses, \$18,689.49; taxes, \$762.42; operating income, \$17,345.15; investment, \$328,384.43.

### Benson Timber Company

Organized June 5, 1911, under the laws of the State of Oregon.

*Officers*—President, Frank Lynch; Secretary and Treasurer, O. J. Evenson.

*Road Operated*—Clatskanie, Oregon to Sunset, Oregon, six miles.

This is a logging road, which has done no hauling for others than themselves except switching, amounting to \$160.00.

### Columbia & Nehalem River Railroad

Organized February 24, 1913, under the laws of the State of Oregon.

*Officers*—President, A. S. Kerry; Secretary, J. C. Veasie; Auditor, L. R. Gilchrist.

*Road Operated*—Kerry, Oregon to Nehalem River, Oregon, seventeen miles.

*Income Account*—Operating revenues, \$89,837.54; operating expenses, \$84,988.14; railway tax accruals, \$638.76; revenues from miscellaneous operations, \$692.81; total operating income, \$4,903.45; interest on funded debt, \$19,931.64; interest on unfunded debt, \$3,250.04; net loss, \$18,278.23.

*General Balance Sheet*—

*Assets*—Investment in road and equipment, \$1,267,296.12; current assets, \$1,019,662.77.

*Liabilities*—Capital stock, \$1,000,000.00; funded debt, \$875,000.00; open accounts, \$314,116.28; current liabilities, \$88,063.79; unadjusted credits, \$28,067.05; profit and loss debit balance, \$18,278.23.

Ninety-six per cent of the freight traffic is products of the forest.

### Portland and Southwestern Railroad Company

Organized December 28, 1905, under the laws of Oregon.

*Officers*—President, James B. Kerr; Secretary, C. P. Bradshaw; General Manager, H. Kirk.

*Operating Revenues*—Freight, \$35,701.78; passenger, \$1,789.80; rent of buildings and other property, \$62.00; total, \$37,553.58.

*Operating Expenses*—Maintenance of way and structures, \$22,101.95; maintenance of equipment, \$2,669.45; transportation, \$9,778.06; general, \$2,754.70; total, \$37,304.16.

*Income Account*—Net revenue from operations, \$249.42; taxes, \$3,485.00; rent for locomotives, \$2,392.50; net loss, \$5,628.08.

## SLEEPING CAR COMPANIES

### The Pullman Company

Organized July 15, 1867, under the laws of the State of Illinois as Pullman's Palace Car Company; name changed to the Pullman Company and directors increased under provisions of a general law of Illinois entitled "An Act Relating to Corporations," approved April 10, 1872.

*Nature of Business*—Manufacturers of railway cars of all kinds for the market and upon orders therefor (none of which is done in the State of Oregon and is not in any way connected with the business in the State of Oregon), and furnishing cars to railway companies and furnishing to railroad passengers in such cars special accommodations therein, of a character not ordinarily to be

found in other cars of such railroad companies; berths and the bedding thereof for sleeping purposes being the principal item of such accommodations, which is all the business done by this company in the State of Oregon.

**Officers**—Chairman of the Board, Robert T. Lincoln; President, John S. Runnells; Vice-President, Richmond Deane; Secretary, A. S. Weinsheimer; Treasurer, L. S. Taylor; Auditor, Wm. Hough; General Manager, L. S. Hungerford; District Superintendent in Oregon, C. Lincoln.

**Line in or Entering Oregon. Cars Required**—Standard sleeping cars, 228; tourist, 72; total 300. Total miles run, standard cars, 6,112,146; tourist, 1,827,073; total, 7,939,219.

**Capital Stock**—\$120,000,000.00.

**Value of Property**—Value of all real and personal property, exclusive of cars, belonging to and used by the company in the operation of cars over lines in or entering Oregon, \$98,503.72. Value of real and personal property, exclusive of cars, in Oregon, belonging to and used by the company in the operation of its cars, \$23,624.32. The average book value of all standard cars at June 30, 1916 was \$18,027.50 each; same of tourist cars, \$9,609.39, which represents the asset investment value. This does not include the investment of necessary property, equipment of cars, supplies, material for repairs, etc., necessary to conduct the sleeping car business. When this is included, it amounts to an average for standard cars each \$18,838.36; tourist cars each, \$10,035.91. The estimated value of cars used on lines in or entering Oregon at June 30, 1916, based on age and annual depreciation each, standard, \$12,439.31; tourist, \$5,500.14.

**Earnings From Operation**—Gross earnings, state and interstate, from all lines in or which enter Oregon, \$1,709,308.37; Oregon's proportion of same on mileage basis, after deducting earnings purely local to other states and proportion of interstate earnings, arising from business which did not touch Oregon, approximately \$411,666.80. The above proportion includes the gross earnings from purely local business in Oregon which were \$100,870.57.

**Operating Expenses—**

	Entire line in or entering Oregon	Oregon's mileage proportion
Salaries and wages paid officers and employees.....	\$ 365,849.12	\$ 108,229.43
Repairs to cars and equipment (partially estimated) ..	336,539.26	99,567.88
Other expenses .....	408,630.70	120,896.71
	\$1,111,019.08	\$ 328,704.02

Taxes paid in Oregon, \$6,856.80.

## COMMERCIAL TERMINAL AND SWITCHING COMPANIES

### The Northern Pacific Terminal Company of Oregon

Organized August 28, 1882, under the laws of the State of Oregon.

**Officers**—President, J. P. O'Brien; Vice-President, Geo. T. Reed; Secretary, Ralph E. Moody; Treasurer, E. L. Brown; Manager, E. Lyons.

This company is controlled jointly by the Oregon-Washington Railroad & Navigation Company, The Southern Pacific Company and Northern Pacific Railway Company, as stockholders. Central Trust Company of New York acting as the trustee for the bondholders and stockholders.

**Road Operated**—Yard tracks and sidings, 29.90 miles; tracks operated under lease, 3.25 miles; tracks operated under trackage rights, 1.35 miles.

*Income Account*—Railway tax accruals, \$105,449.92; joint facility rent income, \$211,114.20; rent income, \$84,541.47; gross income, \$190,205.75; hire of freight cars, debit balance, \$144.00; joint facility rents, \$376.40; miscellaneous rents, \$10,105.35; interest on funded debt, \$179,580.00.

*Operating Revenues*—Switching, \$19,979.65; station, train and boat privileges, \$6,937.00; storage baggage, \$8,534.20; demurrage, \$1,217.00; rents of building and other properties, \$16,783.67; miscellaneous, \$780.79; joint facility, debit, \$54,232.31.

*Operating Expenses*—Maintenance of way and structures, \$48,193.22; maintenance of equipment, \$15,893.00; transportation, \$194,496.73; general, \$12,595.07.

*General Balance Sheet*—

*Assets*—Investment, \$4,401,397.59; current assets, \$309,582.48; unadjusted debts, \$1,363.04; total assets, \$4,712,343.11.

*Liabilities*—Funded debt, \$2,968,000.00; open accounts, \$1,539,686.14; current liabilities, \$201,297.20; unadjusted credits, \$82,776.55. Total corporate deficit, \$79,416.78; total liabilities, \$4,712,343.11.

## EXPRESS COMPANIES

### Wells Fargo & Company

Organized as the Holladay Overland Mail & Express Company on February 5, 1866. Changed name subsequently to Wells Fargo & Company. Formally approved by act of Legislature on January 26, 1872; organized in Colorado by an Act entitled "An Act to incorporate the Holladay Overland Mail & Express Company," approved February 5, 1866, and Act supplemental thereto, approved January 26, 1872.

The Pioneer Stage Company, the Overland Mail & Express Company and Wells Fargo & Company were merged into a corporation known as the Holladay Overland Mail & Express Company, and the name of the concern was changed to Wells Fargo & Company in 1866.

The Holladay Mail & Express Company was organized with the capitalization of \$3,000,000.00, which was increased to \$15,000,000.00 at the time of the merger referred to above. The capitalization was afterward reduced to \$5,000,000.00, which is reported by the directors under oath as fully paid up. Existing records do not show whether paid up in cash, real estate, equipment or securities, and no person now living is able to give these details. Thirty thousand shares at a par value of \$3,000,000.00 were later issued at various times as advance payment on contracts. A further increase to \$24,000,000.00 was made by resolution of the stockholders at a meeting held for the purpose December 23, 1909.

*Officers*—President, B. D. Caldwell; Vice-Presidents, A. Christeson and E. A. Stedman; Secretary, C. H. Gardiner; Treasurer, B. H. River; General Counsel, C. W. Stockton; Comptroller, J. W. Newlean; General Managers, A. Christeson and E. A. Stedman.

### American Express Company

Organized March 18, 1850, and November 15, 1859, under the laws of New York.

This company is not a corporation but a voluntary partnership or association of individuals organized under articles of agreement between its members. It possesses no rights, privileges or franchises other than such as are enjoyed by any individual or association of individuals.

*Officers*—President, George C. Taylor; Vice-President, Francis F. Flagg; Secretary, Frederick P. Small; Treasurer, James F. Fargo; Comptroller, Robert Mendle; General Counsel, Carter, Ledyard & Milburn.

## Great Northern Express Company

Organized January 1, 1892, under the laws of Minnesota; articles filed January 20, 1892.

*Officers*—President, W. P. Kenney; Vice-President, Ronald Stewart; Secretary and Treasurer, L. E. Katsenbach; Comptroller, G. R. Martin; Auditor, L. L. Stenseth; General Manager, Ronald Stewart.

## Northern Express Company

Organized June 4, 1906, under the laws of New Jersey.

*Officers*—President, J. M. Hannaford; Vice-President, W. P. Clough; Secretary, R. H. Relf; Treasurer, C. A. Clark; General Counsel, C. W. Bunn; Comptroller, H. A. Gray; Auditor, E. K. Punnett; General Manager, C. B. Cooper.

This company is controlled by the Northern Pacific Express Company, through purchase, the extent of the stock controlled being ninety-nine and eight tenths per cent.

## STATISTICS

Year Ended June 30, 1916

	Wells Fargo & Co. Express	American Express Co.	Northern Express Co.	Great Northern Express Co.
<b>Mileage Covered—</b>				
Steam roads .....	76,271.42	70,028.68	7,871.90	8,191.37
Electric roads .....	4,219.87	1,106.53	14.10	335.50
Inland steamboats ..	3,511.87	477.00	235.00	122.00
Stage lines .....	665.37	.....	.....	.....
Great Lake steamers and steamboats in Canada .....	1,266.50	.....	.....	.....
Coastwise steamers, U. S. and Canada..	19,272.00	.....	80.00	595.00
Steam roads and coastwise steamers in Mexico .....	1,987.81	.....	.....	.....
Steam roads in Can- ada .....	334.36	1,194.39	73.70	594.12
Electric roads—Can- ada .....	.....	29.00	.....	.....
Ocean steamers .....	30,717.00	.....	.....	.....
Miscellaneous unas- signable .....	.....	1,444.24	.....	.....
<b>Total mileage operated .....</b>	<b>138,246.20</b>	<b>74,279.85</b>	<b>8,274.70</b>	<b>9,837.99</b>
<b>Capital Stock—</b>				
Common shares authorized .....	\$ 240,000.00	\$ 180,000.00	\$ 50,000.00	\$ 10,000.00
Par value .....	24,000,000.00	18,000,000.00	5,000,000.00	1,000,000.00
Par value outstanding	23,967,400.00	18,000,000.00	5,000,000.00	1,000,000.00
Dividends declared ..	1,438,044.00	961,895.00	.....	.....
<b>Cost of Real Prop- erty and Equip- ment, Entire System—</b>				
Land .....	\$ 1,418,814.28	\$ 3,739,110.88	\$ .....	\$ 5,381.67
Buildings and fixtures	4,010,982.03	3,929,283.86	.....	6,144.67
Equipment .....	5,120,368.13	6,564,265.44	256,530.45	145,860.71
<b>Total .....</b>	<b>\$10,550,164.44</b>	<b>\$ 14,232,660.18</b>	<b>\$ 256,530.45</b>	<b>\$ 157,387.05</b>



## STATISTICS—Continued.

	Wells Fargo & Co. Express	American Express Co.	Northern Express Co.	West Northern Express Co.
Income Account—				
Charges for transportation .....	\$45,434,664.96	\$ 57,619,382.91	\$3,049,796.62	\$3,384,898.25
Express privileges, Dr. ....	23,414,248.51	28,788,259.12	1,652,670.70	2,062,411.55
Transportation revenue .....	22,020,416.45	28,831,123.79	1,397,125.92	1,322,486.70
Revenue other than transportation .....	1,134,902.26	3,150,022.98	47,365.97	58,889.44
Total operating revenues .....	23,155,318.71	31,981,146.77	1,444,491.89	1,381,376.14
Operating expenses ..	19,847,687.53	28,150,236.25	1,081,060.39	1,080,023.02
Net operating revenue .....	3,307,631.18	3,830,910.52	363,431.50	301,353.12
Uncollectible revenue from transportation .....	14,043.18	10,087.87	750.58	213.41
Express taxes .....	413,720.38	540,085.16	62,930.02	45,980.56
Operating income ....	2,879,867.62	3,280,737.49	299,750.90	255,159.15
Other Income—				
Joint rents .....	4,020.78	14,341.63	489.33	195.94
Physical properties ..	5,524.04	.....	.....	.....
Dividend income .....	261,593.75	123,676.00	5,635.00	.....
From funded securities .....	697,925.36	335,853.25	37,735.00	2,500.00
Unfunded securities and accounts .....	175,206.34	137,194.31	4,508.03	55.57
Miscellaneous income (car mileage) .....	46,323.92	.....	1,245.15	.....
Sinking fund and other reserve funds .....	.....	15,877.47	.....	.....
Gross income .....	4,070,462.81	3,907,680.15	349,363.41	257,910.66
Deductions from Gross Income—				
Rent, joint property..	8,082.91	9,910.20	277.96	1,230.27
Rent, miscellaneous..	17,428.93	69,307.95	.....	.....
Miscellaneous taxes..	23,032.50	20,944.03	.....	.....
Net loss on miscellaneous physical properties .....	.....	21,489.74	.....	.....
Interest on unfunded debt .....	.....	106,144.41	.....	.....
Miscellaneous income, Dr. ....	1,144.58	848.97	.....	.....
Income transferred to other companies .....	.....	.....	13,568.32	.....
Total deductions .....	\$ 49,688.92	\$ 238,645.30	\$ 13,846.28	\$ 1,230.27
Net income .....	\$ 4,020,773.89	\$ 3,669,034.85	\$ 335,517.13	\$ 256,680.39
Disposition of Net Income—				
Dividend appropriations .....	\$ 1,438,044.00	\$ .....	\$ .....	\$ .....
Balance transferred to profit and loss..	2,582,729.89	3,669,034.85	335,517.13	256,680.39
Profit and Loss Account—				
Credit balance, July 1, 1914 .....	\$ 7,478,400.98	\$ 6,036,599.76	\$ 164,402.85	\$ 397,345.18
Credit balance from income .....	2,582,729.89	3,669,034.85	335,517.13	256,680.39
Profit—Property and equipment sold .....	.....	5,878.11	.....	.....

## STATISTICS—Continued.

	Wells Fargo & Co. Express	American Express Co.	Northern Express Co.	Great Northern Express Co.
Delayed income credits .....	\$ 17,904.03	\$ -----	\$ -----	\$ -----
Unrefundable over-charges .....	5,532.26	605.06	130.63	49.16
Miscellaneous credits .....	113,881.37	102,772.65	404.28	3,982.21
Dividend appropriation of surplus .....	-----	961,895.00	-----	-----
Loss on land sold .....	-----	593.62	-----	-----
Miscellaneous debits .....	2,564.90	1,523,840.98	28.76	-----
Balance to credit of balance sheet .....	\$10,195,883.63	\$ 7,329,060.83	\$ 500,426.13	\$ 658,056.94
General Balance Sheet—				
Real property and equipment .....	\$10,550,164.44	\$ 14,232,660.18	\$ 256,530.45	\$ 157,387.05
Miscellaneous physical properties .....	193,748.06	2,015,907.10	-----	-----
Stocks, unpledged .....	10,000.00	1,039,862.95	-----	-----
Stocks, active .....	5,533,438.03	4,500,329.58	252,770.15	-----
Bonds .....	17,048,226.00	8,410,809.27	760,778.46	53,034.72
Notes .....	2,095,400.39	1,366,028.12	-----	-----
Contract with Northern Pacific Express Co. ....	-----	-----	4,000,000.00	-----
Cash .....	7,588,463.64	3,066,952.92	445,903.62	169,084.27
Other current assets .....	2,448,563.58	11,449,808.00	201,945.46	1,934,334.50
Deferred assets .....	1,206,666.47	485,414.65	-----	-----
Unadjusted debits .....	308,262.48	208,363.19	-----	1,298.70
Total assets .....	\$46,982,933.09	\$ 46,776,135.96	\$5,917,928.14	\$2,315,139.24
Capital stock outstanding .....	\$23,967,400.00	\$ 17,489,000.00	\$5,000,000.00	\$1,000,000.00
Current liabilities .....	10,303,447.60	17,314,034.03	353,648.22	507,935.97
Deferred liabilities .....	-----	23,882.92	-----	-----
Unadjusted credits .....	2,516,201.06	4,620,158.12	63,853.79	49,146.38
Corporate surplus .....	10,195,883.63	7,329,060.83	500,426.13	758,056.94
Total liabilities .....	\$46,982,933.09	\$ 46,777,135.96	\$5,917,928.14	\$2,315,139.24
Money orders, C. O. D. checks, travelers cheques, etc., issued .....	\$69,528,132.68	\$318,866,166.56	\$3,646,836.17	\$4,027,600.21
Express offices in U. S. June 30, 1916 .....	9,170	9,688	749	881
Operating Revenues—				
Domestic express .....	\$45,366,216.32	\$ 57,039,123.80	\$3,049,796.62	\$3,384,658.25
Foreign express .....	59,226.03	546,979.47	-----	-----
Miscellaneous .....	9,222.61	33,279.64	-----	240.00
Total transportation .....	\$45,434,664.96	\$ 57,619,382.91	\$3,049,796.62	\$3,384,898.25
Express privileges, Dr. ....	\$23,414,248.51	\$ 28,788,259.12	\$1,652,670.70	\$2,062,411.55
Revenue from transportation .....	22,020,416.45	28,831,123.79	1,397,125.92	1,322,486.70

## STATISTICS—Continued.

	Wells Fargo & Co. Express	American Express Co.	Northern Express Co.	Great Northern Express Co.
Operations Other Than Transpor- tation—				
Customs brokerage fees .....	\$ 28,377.01	\$ 125,641.47	\$ 1,184.36	\$ 4,797.51
Order and commis- sion .....	7,496.37	9,371.41	.....	.....
Rents of buildings and other property .....	197,818.54	86,184.90	351.55	3,062.82
Money orders .....	214,139.77	372,735.82	13,435.05	12,419.50
C. O. D. checks.....	435,972.53	499,147.93	32,395.01	38,150.08
Limited and unlim- ited checks .....	1.05	17,791.01	.....	.....
Travelers' checks.....	45,647.97	29,070.35	.....	78.06
Telegraph and cable transfers .....	6,465.76	106,002.83	.....	.....
Letters of credit .....	.....	1,747.02	.....	.....
Foreign postal remit- tances .....	r 369	9,961.93	.....	.....
Profit on exchange, etc. ....	66,525.55	1,093,204.56	.....	.....
Miscellaneous .....	132,461.40	799,163.76	.....	381.46
<b>Total operating revenues .....</b>	<b>\$23,155,318.71</b>	<b>\$ 31,981,146.77</b>	<b>\$1,444,491.89</b>	<b>\$1,381,376.14</b>
Operating Ex- penses—				
Maintenance .....	\$ 1,057,077.45	\$ 1,771,952.74	\$ 37,348.52	\$ 35,972.81
Traffic expenses .....	256,510.12	274,239.64	10,954.80	14,504.25
Transportation ex- penses .....	17,245,991.31	23,727,193.43	973,377.48	968,650.99
General expenses .....	1,288,108.65	2,376,850.44	59,379.59	60,894.97
<b>Total expenses ..</b>	<b>\$19,847,687.53</b>	<b>\$ 28,150,236.25</b>	<b>\$1,081,060.39</b>	<b>\$1,080,023.02</b>
Ratio of operating expenses to oper- ating revenues— per cent .....	85.72	88.02	74.84	78.18
Taxes and Assess- ments—				
Real and personal property .....	\$ 119,872.70	\$ 147,417.19	\$ 8,791.20	\$ 10,733.32
Value of stocks, bonds, etc. ....	92,022.14	316,512.54	4,304.93	.....
On loans, etc. ....	.....	.....	4,000.00	.....
Earnings or dividends .....	139,329.24	1,670.00	42,031.37	31,709.09
Traffic or privileges .....	13,588.76	34,423.25	860.00	1,436.17
Miscellaneous .....	3,795.88	2,628.95	15.25	.....
Internal revenue .....	45,111.66	37,432.73	2,927.27	2,101.98
<b>Total .....</b>	<b>\$ 413,720.38</b>	<b>\$ 540,085.16</b>	<b>\$ 62,930.02</b>	<b>\$ 45,980.56</b>

## APPENDIX II

## PART II

Part II Contains Summary of Reports of Electric Utilities, Gas Utilities, Telegraph Utilities, Telephone Utilities and Water Utilities

## ELECTRIC UTILITIES

Class A Utilities are reported in detail as follows:

## California-Oregon Power Company

Organized December 15, 1911, under laws of California.

*Location of Principal Office*—San Francisco, California.

*Location of Principal Office in Oregon*—Medford.

*Cities or Towns Served in Oregon*—Ashland (wholesale), Medford, Central Point, Gold Hill, Grants Pass, Jacksonville, Rogue River, Eagle Point, Phoenix, Talent, Tolo-Gold Ray, Prospect, Grave Creek, Wolf Creek, Glendale, in Rogue River division; Klamath Falls, Merrill and Bonanza in Klamath division.

*Joint Utility Service in Oregon*—Electric and water in Klamath Falls and Tolo.

*Principal Officers*—President, Joseph D. Grant; Vice-Presidents, John D. McKee, Jesse W. Churchill, Alex. J. Rosborough; Secretary, J. C. Thompson; Treasurer, John D. McKee; Auditor, R. R. Ebel.

\**Fixed Capital*—Entire system, \$16,029,118.19. (Not yet segregated as to State line.)

\**Capital Stock*—Issued and outstanding, \$10,000,000.00.

*Funded Debt*—Issued and outstanding, \$5,600,000.00.

*Income and Corporate Surplus or Deficit Accounts*—Rogue River Division—Operating revenue, electric, \$150,902.14; operating expenses, \$165,557.20 (including \$92,377.27 depreciation); taxes assignable to operations, \$9,129.78; uncollectible operating revenue, \$1,500.02; operating loss, \$25,284.86. Klamath Falls Division—Operating revenue, \$63,971.64; operating expenses, \$34,073.44; taxes assignable to operation, \$2,822.46; uncollectible operating revenue, \$639.72; operating income, \$26,436.02 (Siskiyou, California Division—Operating income, \$30,425.91); operating income, water, Klamath Division—(see water utilities) \$12,030.02; (operating income, water, Siskiyou, California division, \$5,727.93); total operating income, \$49,335.02; net operating revenue, \$2,608.12; deductions from gross income, \$208,988.51; dividends, none; deductions from surplus, \$3,537.86; additions to surplus, \$3,307.19; deficit for the year, \$157,276.04.

*Number of Customers*—Rogue River division, 3,963; Klamath division, 1,377.

## Eastern Oregon Light &amp; Power Company

Organized April 21, 1909, under laws of Oregon.

*Location of Principal Office*—Baker, Oregon.

*Cities or Towns Served*—Bourne, Rock Creek, Haines, Baker, Union, North Powder, Cove, Elgin, Imbler, Alicel, Island City, La Grande and Hot Lake.

\*Involved in joint state, joint utility operations, incapable of further segregation.

*Joint Utility Service*—Electric and gas in Baker only.

*Officers*—President, Clement C. Smith; Vice-President, Henry L. Rice, Secretary and Assistant Treasurer, F. A. Harmon; Treasurer and Assistant Secretary, Howard Greene; General Manager, F. A. Harmon.

†*Fixed Capital*—Electric and gas installed prior to July 1, 1913, \$3,160,251.22; electric only, \$97,058.08.

†*Capital Stock*—Issued and outstanding, common, \$1,500,000.00; preferred, \$353,500.00.

†*Funded Debt*—Issued and outstanding, \$1,350,000.00.

*Income and Corporate Surplus or Deficit Accounts*—Operating revenues, electric, \$19,443.19; operating expenses, \$78,487.23; taxes assignable to operation, \$8,902.34; uncollectible operating revenue, \$3,222.14; operating income, electric, \$100,831.48; operating income, gas, \$1,072.76 (see gas utility report); total, †\$101,904.24; net nonoperating revenue, †\$931.75; deductions from gross income, †\$81,176.89; dividends, none; surplus for the year, †\$13,187.87.

*Number of Customers*—Electric, 3,721.

## Electric Investment Company

(Successor to Idaho-Oregon Light & Power Co.)

Organized January 12, 1915, under laws of Delaware.

*Location of Principal Office*—Boise, Idaho; in Oregon, Ontario.

*Cities or Towns Served in Oregon*—Huntington, Gypsum, Nyssa and Ontario.

*Joint Utility Service*—Electric and Water in Ontario, only.

*Officers*—President, F. F. Johnson; Vice-President and General Manager, W. T. Wallace; Secretary and Treasurer, E. A. Wetmore.

\**Capital Stock*—Issued and outstanding, \$50,000.00.

\**Funded Debt*—Issued and outstanding, \$510,000.00.

\**Fixed Capital*—Entire system, \$9,387,481.63 (not yet segregated as to State line.)

*Income and Corporate Surplus or Deficit Accounts*—Operating revenues in Oregon, \$84,734.02; operating expenses, †\$40,130.16; taxes assignable to operations, \$3,292.39; uncollectible operating revenue, \$2,024.72; operating income, electric in Oregon, \$39,285.75; operating income, water, in Oregon, \$2,445.79 (see water utilities); operating income, electric, other states, \$243,571.24; total, \$285,302.78. Net operating revenue, \*\$12,293.43; deductions from gross income, \*\$566,639.56; dividends, none; deficit for the year, \*\$268,997.35.

*Number of Customers in Oregon*—696.

## Northwestern Electric Company

Organized July 14, under the laws of Washington.

*Location of Principal Office*—San Francisco, California; in Oregon, Portland.

*Cities Served in Oregon*—Portland.

\* Involved in joint state, joint utility operations, incapable of further segregation.

† Involved in joint utility operations in Oregon, incapable of further segregation.

‡ Utility included no allowance for depreciation; operating income and surplus shown are consequently too large by the amount of the depreciation accruing.

**Officers**—President, Herbert Fleishhacker; Vice-President, M. Fleishhacker; Secretary, R. E. Wallace; Treasurer, Herbert Fleishhacker; General Manager, W. E. Coman; Auditor, A. N. Cudworth.

**\*Capital Stock**—Issued and outstanding, common, \$10,000,000.00; preferred, \$1,341,700.00.

**\*Funded Debt**—Issued and outstanding, \$3,750,000.00.

**Fixed Capital**—Entire system, \$14,448,877.63; this State, \$2,147,948.69.

**Income and Corporate Surplus or Deficit Accounts**—Operating revenues, electric in Oregon, \$561,271.20; operating expenses, ‡216,765.10; taxes assignable to operations, \$38,380.62; uncollectible operating revenue, \$5,921.92; operating income, in Oregon, \$300,203.56 (in other states, \$77,636.99); total operating income, \*\$377,840.55; net nonoperating revenue, \*\$35,204.08; deductions from gross income, \*\$236,908.24; dividends, \*\$77,327.95; deductions from surplus, \*\$2,420.22; surplus for year, \*\$96,388.22.

**Number of Customers in Oregon**—9,016.

## Oregon Power Company

Organized October 14, 1910, under the laws of Oregon.

**Location of Principal Office in Oregon**—Springfield.

**Cities or Towns Served**—Springfield, Albany, Corvallis, Dallas, Monmouth, Independence, Junction City, Harrisburg, Coburg, Brownsville, Halsey, Shedd, Tangent, and Philomath in Willamette division; Marshfield, North Bend, Coquille, Myrtle Point, in Coos Bay division.

**Joint Utility Service**—Electric and water in Albany; electric and gas in Springfield and in Marshfield and North Bend.

**Officers**—President, Elmer Dover; Vice-President and General Manager, Atilla Norman; Secretary, Richard S. Smith; Treasurer and Auditor, A. L. Ingalls.

**†Capital Stock**—Issued and outstanding, \$10,000.00.

**Funded Debt**—None. (Property owned by the Northern Idaho and Montana Power Company.)

**Fixed Capital**—(Installed by Oregon Power Company, Willamette division, \$918,513.17; Coos Bay division, \$118,905.26). No reports on capital installed previous to October 14, 1910.

**Income and Corporate Surplus or Deficit Accounts**—Electric, Willamette division, operating revenues, \$240,471.87; operating expenses, ‡125,861.74; taxes assignable to operations, ‡13,676.95; uncollectible operating revenue, \$598.94; operating income, \$100,334.24; Coos Bay division, operating revenue, \$84,936.71; operating expenses, ‡44,428.05; taxes assignable to operations, \$4,433.99; uncollectible operating revenue, \$421.35; operating income, \$35,653.32; operating income, water, \$25,032.81 (see water utilities) operating income, gas, \$35,653.30; (see gas utilities); total, ‡171,561.96; net operating revenue, ‡257.07; deductions from surplus, ‡522.55; dividends, none; paid to Northern Idaho & Montana Company, lessor, ‡171,297.48.

**Number of Customers**—Willamette division, 4,976; Coos Bay division, 1,990.

\* Involved in joint state, joint utility operations, incapable of further segregation.  
† Involved in joint utility operations in Oregon, incapable of further segregation.  
‡ Utility included no allowance for depreciation; operating income and surplus shown are consequently too large by the amount of the depreciation accruing.

## Pacific Power & Light Company

Organized June, 1910, under laws of Maine.

*Location of Principal Office*—Portland, Oregon.

*Cities and Towns Served in Oregon*—Astoria, Flavel, Hammond, Warrenton, Gearhart and Seaside, in Astoria district; The Dalles, Dufur, Mosier and Ortley, in The Dalles district; Pendleton and Freewater in the Pendleton district.

*Joint Utility Service*—Electric and gas in Pendleton and Astoria. Street railway in Astoria.

*Officers*—President, Guy W. Talbott; Vice-President, James E. Davidson; Secretary and Treasurer, Geo. F. Nevins; General Manager, James E. Davidson.

\**Capital Stock*—Issued and outstanding, first preferred, \$2,500,000.00; second preferred, \$1,500,000.00; common, \$6,100,000.00.

\**Funded Debt*—Issued and outstanding, \$7,330,000.00.

\**Fixed Capital*—Entire system, \$15,436,258.76 (not segregated as to State line) Includes electric, gas, water and street railway.

*Income and Corporate Surplus or Deficit Accounts*—Astoria district, operating revenues, electric, \$132,153.17; operating expenses, \$49,366.19; taxes assignable to operations, \$3,912.79; uncollectible, \$630.89; operating income, \$78,243.30; Pendleton district, operating revenues, electric, \$71,297.59; operating expenses, \$15,451.20; taxes assignable to operations, \$611.38; uncollectible operating revenue, \$371.19; operating income, \$54,963.82; The Dalles district, operating revenues, \$70,946.81; operating expenses, \$22,322.71; taxes assignable to operations, \$3,042.21; uncollectible operating revenue, \$428.88; operating income, \$53,253.01; total joint State operating income, \$\*679,795.45; net nonoperating revenue, \$\*52,801.75; deductions from gross income, \$\*400,469.39; dividends, \$\*310,500.00; deductions from surplus, \$\*22,000.00; deficit for year, \$\*372.19.

*Number of Customers*—Astoria district, —; Pendleton district, 1,517; The Dalles district, 1,489.

## Portland Railway, Light & Power Company

Organized June 28, 1906, under laws of Oregon.

*Location of Principal Office*—Portland, Oregon.

*Cities or Towns Served in Oregon*—Portland and vicinity, Salem, Woodburn, Silverton, Mt. Angel, Gervais and Monitor.

*Joint Utility Service*—Electric and gas in Salem. Electric, power and light, street railway and railroad in Portland and vicinity.

*Officers*—President, Franklin T. Griffith; Vice-President, F. I. Fuller; Secretary, G. L. Estabrook; Treasurer, C. N. Huggins; Auditor, R. W. Shepherd.

\**Capital Stock*—Issued and outstanding, \$2,500,000.00, first preferred; \$2,500,000.00, second preferred; common, \$15,000,000.00.

\**Funded Debt*—Issued and outstanding, \$44,811,000.00.

*Fixed Capital*—Entire system, \$\*59,508,674.39; electric, gas and street railway, this State, not segregated, \$\*57,715,607.36; electric, this State, segregated, \$588,146.92.

\* Involved in joint state, joint utility operations, incapable of further segregation.

† Involved in joint utility operations in Oregon, incapable of further segregation.

‡ Utility included no allowance for depreciation; operating income and surplus shown are consequently too large by the amount of the depreciation accruing.

*Income and Corporate Surplus or Deficit Accounts*—Operating revenues, electric this State, \$1,900,316.43; operating expenses, \$697,122.11; taxes assignable to operations, \$241,910.92; uncollectible operating revenue, \$12,606.91; operating income, electric, \$948,676.49 (operating income, railway, \$913,872.68; operating income, gas, \$3,235.25; operating income, electric, other states, \$43,540.92); total operating income, \*\$1,909,325.34; net nonoperating revenue, \*\$145,212.04; deductions from gross income, \*\$2,144,128.57; dividends, none; deductions from surplus, \*\$24,648.04; deficit for year, \*\$114,239.23.

*Number of Customers*—Electric, in Oregon, 86,217.

\* Involved in joint state, joint utility operations, incapable of further segregation.



## RECAPITULATION OF MINOR ELECTRIC UTILITIES

No.	Name of Utility and Location	Capital stock outstanding	Funded debt outstanding
1	Amity Light & Power Co., Amity .....	-----	-----
2	(a) Ashland Electric Power & Light Co., Ashland .....	-----	-----
3	Atwood & Lee, Wasco .....	-----	-----
4	Aumsville Flour Mills, Aumsville .....	-----	-----
5	Bandon Power Co., Bandon .....	\$ 18,624.00	\$ 14,498.18
6	Bend Water, Light & Power Co., Bend .....	1150,000.00	-----
7	Clatskanie Light & Power Co., Clatskanie .....	50,000.00	5,000.00
8	Coast Power Co., Tillamook .....	50,000.00	15,300.00
9	(b) Tillamook Public Service Co., Bay City .....	-----	-----
10	Condon Electric Co., Condon .....	7,600.00	-----
11	Consolidated Electric Light Co., John Day-Canyon City .....	10,000.00	-----
12	Cottage Grove Electric Co., Cottage Grove .....	50,000.00	16,000.00
13	Creswell Electric Light & Power Co., Creswell .....	-----	-----
14	Deschutes Power Co., Prineville .....	1282,300.00	-----
15	Douglas County Light & Water Co., Roseburg .....	1300,000.00	1517,000.00
16	Eagle River Electric Power Co., Sanger .....	319,400.00	87,000.00
17	Electric Light & Power Co., Burns .....	10,000.00	-----
18	Enterprise Electric Co., Enterprise-Joseph .....	121,200.00	-----
19	Falls City Electric Light & Power Co., Falls City .....	-----	-----
20	Florence Electric Co., Florence .....	10,000.00	1,500.00
21	Foster Light & Power Co., Foster .....	-----	-----
22	Gearhart Park Co., Gearhart .....	-----	-----
23	Happner Light & Water Co., Happner .....	124,000.00	-----
24	Hermiston Light & Power Co., Hermiston .....	10,000.00	52,000.00
25	Hood River Gas & Electric Co., Hood River .....	50,000.00	-----
26	(c) Hydro Electric Co., Hood River .....	-----	-----
27	N. P. Jensen, Lakeview .....	-----	-----
28	Joseph Light & Power Co., Joseph .....	15,000.00	30,000.00
29	Keno Power Co., Keno .....	180,000.00	-----
30	Lebanon Electric Light & Water Co., Lebanon .....	125,000.00	-----
31	Molalla Electric Co., Canby, etc. ....	50,000.00	-----
32	North Coast Power Co., Hillsboro .....	-----	-----
33	(d) Oregon-Washington Corporation, Hillsboro .....	1,632,900.00	2,305,300.00
34	(d) Oregon-Washington Corporation, Rainier .....	-----	-----
35	Oswego Lake Water, Light & Power Co., Oswego .....	15,000.00	123,000.00
36	Prairie Power Co., Prairie City .....	25,000.00	8,000.00
37	Preston-Shaffer Milling Co., Weston-Athens .....	-----	-----
38	St. Helens Lumber Co., St. Helens .....	-----	-----
39	(e) Seaside Light & Power Co., Seaside .....	-----	-----
40	Sheridan Light & Power Co., Sheridan .....	22,500.00	9,000.00
41	Smith Powers Logging Co., Powers .....	-----	-----
42	G. A. Brown (Lease), Powers .....	-----	-----
43	Stayton Electric Light Co., Stayton .....	-----	12,500.00
44	Sumpter Power & Water Co., Sumpter .....	1100,000.00	156,000.00
45	(f) Northwest Light & Water Co., Sumpter .....	-----	-----
46	Sutherlin Light & Power Co., Sutherlin .....	40,000.00	-----
47	Trullinger, Carl, Yamhill .....	-----	-----
48	Tualatin Valley Electric Co., Sherwood, etc. ....	120,000.00	120,000.00
49	Turner Electric Light & Power Co., Turner .....	15,000.00	-----
50	Vale Electric Co., Vale .....	100,000.00	-----
51	Williamina Electric Co., Williamina .....	-----	3,000.00
52	Yamhill Electric Co., Newberg .....	100,000.00	-----
53	Yaquina Electric Co., Yaquina .....	20,000.00	80,500.00
Total Minor Electric Utilities above in Oregon only .....		\$ -----	\$ -----
Total of Class A, Electric Utilities (brought forward) in Oregon only .....		-----	-----
Total Electric Utilities .....		\$ -----	\$ -----

(f) Items cover joint utility service; for items of other service see report same utility under Gas or Water Utilities.

(a) Report covers first six months of year, then leased by city.

(b) Report covers first six months of year, not included in report of Coast Power Co.

(c) Report covers first three months of year, not included in report of H. R. G. & E. Co.

(d) Report covers first four months of year, not included in eight months report North Coast Power Co.

(e) Report covers first nine months of year; last three months included in Astoria district of the Pacific Power & Light Co., the succeeding utility.

(f) Report covers first eleven months of year, not included in report; one month, Sumpter Power & Water Co.

Fixed capital June 30, 1916 in Oregon	Operating revenues in Oregon	Operating expenses in Oregon	Taxes in in Oregon	Operating in- come (or loss) in Oregon	Surplus (or deficit) for year	No. of cus- tomers June 30, 1916	No.
\$ 25,482.55	\$ 5,686.24	\$ 5,949.14	\$ 99.87	\$ (394.74)	\$ (2,791.21)	154	1
	7,548.05	7,629.29	251.24	2,459.82	2,459.82		2
5,730.39	3,044.89	3,229.70	46.21	(291.02)	(291.02)	89	3
3,482.54	1,293.31	1,252.83		(332.52)	(300.47)	41	4
29,322.25	12,323.99	15,539.45	544.53	(2,345.08)	(4,961.21)	243	5
100,111.19	26,106.91	15,380.91	1,776.00	9,777.00	12,904.96	606	6
62,570.76							7
91,743.86	21,292.22	15,066.96	920.26	5,145.28	2,745.81	525	8
	1,426.43	3,392.58	69.31	(1,966.15)			
15,999.99	7,370.70	7,255.20	211.96	(96.10)	(196.20)	124	9
19,000.00	3,609.86	23,534.62				100	10
46,235.76	14,851.12	14,986.05	612.00	(947.23)	3,253.77	351	11
19,000.00	1,623.20	21,450.00	72.00	51.20		87	12
273,556.45	28,129.87	12,299.78	2,680.26	18,639.88	17,069.90	606	13
\$ 110,263.64	52,078.76	23,310.27	1,995.78	26,558.69	111,753.22	1,305	14
459,471.17		4,843.12		(948.76)			15
16,107.10	7,476.19	4,843.12	228.57	2,177.49	1,169.05	183	16
	22,804.70	12,317.84	1,324.47	8,652.39	(764.69)	557	17
	2,977.87	22,156.69	122.08				18
16,372.76	4,847.85	3,844.83	186.50	816.52	696.52	160	19
	400.85					87	20
	1,370.59	21,478.72		(708.12)		127	21
64,862.15	16,093.21	17,021.94	466.50	(1,414.23)	17,021.94	105	22
45,742.00	12,751.80	7,719.41	476.76	4,471.96	(2,484.16)	224	23
	38,941.76	24,644.58	2,578.84	56.03	(842.10)	1,042	24
	2,646.23	1,291.25	317.45	999.22			
19,221.14	8,027.29	4,688.25	87.18	4,549.49		182	25
66,151.71	9,879.84	25,618.22	410.56	3,852.46	1,774.29	154	26
179,844.00	915.25	6,259.20	75.00	(4,852.84)	(4,852.84)	14	27
27,110.12	13,286.88	6,964.60	561.61	5,616.97	17,069.90	350	28
96,632.72	10,692.86	6,429.24	557.17	1,684.29	364.14	872	29
159,742.14	21,587.96	12,702.59	896.84	7,989.50		597	30
	9,727.61	26,642.82	447.92	2,425.96			
24,079.45	5,300.98	22,577.94	306.74	2,416.40		281	
	2,114.06	23,465.08	152.78	(1,442.78)			
16,299.64	5,480.52	4,224.22	119.55	1,126.00	1,994.17	254	31
149,267.79	4,476.16	23,799.00	318.31	(75.62)		109	32
8,945.27	9,546.31	12,169.41	382.88	(2,012.82)	(3,012.82)	264	33
20,222.10	8,888.30	23,418.19	215.92	254.10	254.10	277	34
	20,550.72	11,376.91	744.61	8,327.42			35
26,452.77	9,631.74	7,425.31	367.11	1,839.22	1,152.46	215	36
2,100.00					1,406.92		37
	787.74	422.22		354.52			
14,694.00	2,924.45	3,949.75	106.46	(1,121.76)	(2,221.76)	166	38
61,609.00	477.62	644.67	25.00	(401.19)		209	39
	6,096.67	11,115.22	279.28	(5,236.08)			
27,457.06	4,422.39	4,888.70	241.16	(153.06)	(453.47)	121	40
	1,872.75	11,880.57	26.69	(44.51)	(44.51)	35	41
27,299.25	4,645.00	3,231.50	224.07	862.62	1,564.06	122	42
25,000.00	2,090.00	1,550.00	213.70	336.30	(63.70)	55	43
101,750.05	9,760.99	26,027.71	626.30	3,037.78	(1,421.52)	222	44
14,661.69	2,229.67	2,499.16	112.83	(222.32)	(222.32)	89	45
182,962.82	26,878.25	23,998.51	1,765.00	10,953.30	7,064.69	964	46
105,522.42	12,821.22	210,700.48	1,258.07	872.77	(7,292.47)	465	47
\$ 2,768,742.24	\$ 522,224.03	\$ 378,422.94	\$ 27,423.71	\$ 118,082.45	\$ (50,161.78)	12,890	
11,329,601.84	3,552,544.77	1,489,565.10	230,116.83	1,712,596.63	13,187.87		
\$ 14,096,350.08	\$ 4,075,069.54	\$ 1,867,988.04	\$ 357,550.54	\$ 1,825,679.08	\$ (36,973.91)		
*29,206,615.82					*(286,476.17)		

Operating income (or loss) listed above is equivalent to the return derived from utility operations after deducting operating expenses, taxes and uncollectible revenues (not listed) from operating revenues. The "surplus (or deficit)" is the amount remaining after interest, dividends and other deductions are made from operating income (or loss).

\*\* Involved in joint state or joint utility operations, not capable of segregation in above, of which fixed capital, \$48,353,757.25 is joint utility, wholly within Oregon.

† Utility included no allowance for depreciation; operating income and surplus shown are consequently too large by the amount of the depreciation accruing.  
(c) Also joint electric and water fixed capital (installed prior to July 1, 1912), amounting to \$746,597.06.

## TELEGRAPH UTILITIES

### Western Union Telegraph Company

Organized April, 1851, under the laws of New York.

*Principal Office*—195 Broadway, New York City.

*Principal Officers*—President, Newcombe Carleton; Vice-Presidents, G. W. E. Atkins, Rush Taggart, J. C. Willever, W. N. Fashbaugh, G. M. Yorke, E. W. Gallaher; Treasurer, Lewis Dresdner; Secretary, W. H. Baker; General Auditor, H. W. Ladd.

#### *Balance Sheet*—

**Assets**—Plant and equipment, to January 1, 1914, \$127,326,447.60; plant and equipment since December 31, 1913, \$14,760,261.73; construction work in progress, \$2,789,006.07; investment securities, \$11,175,286.27; long term advances receivable, \$1,180,000.00; cash, \$3,559,852.18; special deposits, \$40,893.71; employes working funds, \$381,474.03; marketable securities, \$14,331,605.39; bills receivable, \$16,756.36; accounts receivable from customers and agents, \$7,612,844.39; accounts receivable from system corporations, \$16,510.31; miscellaneous accounts receivable, \$121,646.75; material and supplies, \$2,775,462.18; unmatured interest, dividends and rents receivable, \$321,006.70; sinking fund assets, \$232,132.14; prepaid rents, \$178,782.52; prepaid insurance, \$17,093.92; other prepayments, \$16,509.67; other deferred debit items, \$169,047.63; total assets, \$187,022,619.55.

**Liabilities**—Capital stock, \$99,786,726.66; capital stock of subsidiary companies, \$1,901,975.00; funded debt, \$31,994,000.00; audited vouchers and wages unpaid, \$608,562.01; customers' deposits, \$8,600.44; accounts payable to system corporation, \$67,014.69; miscellaneous accounts payable, \$1,933,950.90; matured interest, dividends and rents unpaid, \$173,862.76; service billed in advance, \$70,351.80; taxes accrued, \$766,031.36; unmatured interest, dividends and rents payable, \$1,910,016.11; deferred noninterest bearing liability, \$12,879,795.59; reserve for accrued depreciation, \$9,950,540.19; reserve for amortization of intangible capital, \$28,851.69; reserve for doubtful accounts, \$934,670.74; liability for provident funds, \$1,002,704.01; other deferred credit items, \$139,445.97; profit and loss, credit balance, \$22,865,519.63; total liabilities, \$187,022,619.55.

**Income Statement**—Entire Sytem—Operating revenues, \$56,054,199.93; expenses, \$38,697,382.32; net operating revenues, \$17,356,817.61; uncollectible operating revenues, \$273,301.00; taxes assignable to operations, \$1,279,500.00; operating income, \$15,804,016.61; miscellaneous nonoperating income, \$1,544,177.86; total gross income, \$17,348,194.47; deductions from gross income, \$5,204,321.17; net income for the year, \$12,143,873.30.

#### *Profit and Loss Account*—

**Credits**—Balance at beginning of the year, \$15,664,930.83; credit balance and miscellaneous adjustments, \$12,685,992.05.

**Debits**—Dividends paid and declared, \$5,485,403.25; balance credit at end of the year to balance sheet, \$22,865,519.63.

**Capital Stock**—Total authorized, common, \$100,000,000.00; total outstanding, \$99,817,100.00.

**Funded Debt**—Amount authorized, \$56,500,000.00; amount outstanding, \$31,994,000.00; amount in hands of company (no interest), \$3,251,000.00.

**Statistics**—Entire System—Number of telegraph offices, 25,237; number of employes, 44,374.

**Principal Items in Oregon**—Operating revenue, \$100,628.23; expenses and deductions, \$72,040.89; net operating revenue, \$28,587.34; number of telegraph offices, 234; number of employes, 274.

### The Postal Telegraph Company

Organized November 29, 1903, under the laws of Oregon.

*Principal Office*—Located at 126 Third Street, Portland, Oregon.

*Principal Officers*—President, O. F. Schulz; Vice-President, Edward Reynolds; Secretary, D. E. Ross; Treasurer, Joseph J. Cardona.

*Balance Sheet Accounts—*

*Assets*—Plant and equipment, \$10,000.00; cash, \$811.74; accounts receivable from customers and agents, \$8,337.43; profit and loss, debit balance, \$63,347.49; total assets, \$81,496.66.

*Liabilities*—Capital stock, \$10,000.00; miscellaneous accounts payable, \$71,496.66; total liabilities, \$81,496.66.

*Capital Stock*—Par value authorized, issued and outstanding in the hands of the public, \$10,000.00.

*Income Statement*—Operating revenues, \$64,033.07; operating expenses, \$82,558.73; operating deficit, \$18,525.66; uncollectible operating revenues, \$232.62; taxes assignable to operations, \$1,568.09; net loss for year, \$20,326.37.

*Statistics*—Number of telegraph offices, this State, 14; number of employees, 47.

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## TELEPHONE UTILITIES

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### The Pacific Telephone & Telegraph Company

Organized January 2, 1907, under the laws of California.

*Principal Office*—Located at San Francisco. This company operates in the States of California, Oregon, Washington and Idaho.

*Officers*—President, G. E. McFarland; Vice-Presidents, H. D. Pillsbury, J. M. Quay; Secretary & Treasurer, F. W. Eaton; General Manager, J. C. Nowell; General Auditor, F. C. Phelps.

This company is controlled by the American Telephone & Telegraph Company through ownership of the majority of its stock.

*Capital Stock*—Common, total par value authorized, \$18,000,000.00; preferred, total par value authorized, \$32,000,000.00; total capital stock outstanding, \$50,000,000.00.

*Funded Debt*—Total par value authorized and outstanding, \$42,080,000.00; total par value held by respondent, \$1,235,000.00; total par value not held by respondent, \$40,845,000.00; interest accrued and paid during the year, \$2,051,358.33.

*Telephone Companies Controlled by Respondent and Percentage of Stock Owned by Respondent*—Bell Telephone Company of Nevada, 100 per cent; Home Telephone & Telegraph Company, Pasadena, 99.71 per cent; Home Telephone & Telegraph Company, of Spokane, 100 per cent; Sacramento Valley Telephone Company, 98.04 per cent; Home Telephone & Telegraph Company of Southern Oregon, 83.27 per cent; Home Long Distance Telephone Company, 100 per cent; Independent Telephone Company (Seattle), 100 per cent; Pacific States Telephone & Telegraph Company, 100 per cent; Sunset Telephone & Telegraph Company, 100 per cent.

*Balance Sheet—*

*Assets*—Total investments, \$103,798,734.91; total working assets and accrued income, \$3,480,854.80; total deferred debit items, \$2,220,778.57; total assets, \$109,500,368.28.

*Liabilities*—Total stocks, \$50,000,000.00; total long term debt, \$44,745,000.00; total working and accrued liabilities, \$1,608,454.73; total deferred credit items, \$12,207,050.30; corporate surplus, unappropriated, \$939,863.25; total liabilities, \$109,500,368.28.

*Income Statement*—Entire System—Net telephone operating revenue, \$5,627,-246.33; operating income, \$4,443,918.15; total nonoperating revenues, \$405,-815.94; gross income, \$4,849,020.76; total deductions from gross income, \$2,661,-736.33; net income, \$2,187,284.43.

*Disposition of Net Income*—Dividend appropriations, \$1,920,000.00; amount transferred to credit of corporate surplus account, \$267,284.43.

*Corporate Surplus or Deficit Account*—

Credits—Credit balance at beginning of year, \$697,460.57; credit balance transferred from income, \$267,284.43; miscellaneous additions to surplus, \$1,-550.00; total \$966,285.00.

Debits—Other deductions from surplus, \$26,421.75; balance carried to credit side balance sheet, \$939,863.25; total, \$966,285.00.

*Fixed Capital*—Entire System—Total fixed capital installed, beginning of year, \$92,423,922.67; charges for capital during the year, \$7,654,937.56; charged to reserve for depreciation, \$2,006,619.15; charged to corporate surplus or deficit, \$3,829.06; charged to other accounts, \$2,737,414.39; balance at close of the year, \$95,325,997.63.

*Fixed Capital*—State of Oregon—Balance at beginning of the year \$9,505,-911.38; charges for capital added during the year, \$599,071.28; charged to reserve for depreciation, \$71,798.56; charged to other accounts, \$301,513.13; balance at close of the year, \$9,781,670.92.

*Operating Revenue Account*—Entire System—Exchange service revenues, \$14,986,248.17; toll service revenue, \$5,029,551.33; miscellaneous operating revenues (debit), \$538,490.66; total operating revenue, \$19,477,308.84.

State of Oregon—Exchange service revenues, \$1,698,464.73; toll service revenues, \$511,187.69; miscellaneous operating revenues (debit), \$47,854.01; total operating revenue, \$2,162,298.41.

*Operating Expenses*—

Entire System—Maintenance expenses, \$6,508,154.27; traffic expenses, \$4,-446,497.83; commercial expenses, \$2,120,748.31; general and miscellaneous expenses, \$774,662.10; total operating expenses, \$13,850,062.51.

State of Oregon—Maintenance expenses, \$786,338.33; traffic expense, \$518,-171.62; commercial expenses, \$255,931.68; general and miscellaneous expenses, \$113,569.91; total operating expenses, \$1,674,011.54.

Taxes paid in Oregon—\$96,313.27.

*Operating Ratio*—Entire system, ratio of operating expenses to operating revenues, 71.11 per cent; State of Oregon, 77.42 per cent.

*Stations*—

Entire System—Number of main stations, 385,931; number private branch exchange stations, 111,485; number of extension sets, 45,715; total number of company stations, 543,131; number private line stations, 8,472; number of service stations, 297,775; total number of stations, 581,378.

State of Oregon—Number of main stations, 49,435; number private branch exchange stations, 10,685; number of extension sets, 4,878; total number of company stations, 64,998; number of private line stations, 1,601; number of service stations, 7,135; total number of stations, 73,734.

## Home Telephone and Telegraph Company, of Portland

Organized September 11, 1905, under the laws of Oregon.

*Location of Principal Office*—Portland, Oregon.

*Officers*—Vice-President, A. L. Mills; Secretary and Manager, J. B. Middleton; Auditor, J. C. Potter.

*Capital Stock*—Par value of amount authorized, \$3,000,000.00; par value of amount outstanding at close of year, \$2,674,708.33.

*Funded Debt*—Total par value authorized, \$4,000,000.00; issued and outstanding in hands of the public, \$2,724,000.00; owned by respondent, \$19,400.00; up as collateral, \$200,000.00; in hands of trustee, unissued, \$788,000.00; in

treasury of respondent subject to sale or disposal, \$196,000.00; canceled by trustee, \$72,500.00; held by trustee, canceled on account of error in printing, \$100.00.

**Balance Sheet—**

**Portland Plant—Assets—**Total investment in fixed capital, \$5,624,518.53; investment securities, \$160,010.00 (includes investment Albany, Corvallis, Oregon City and Independence); working assets, \$154,236.28; deferred debit items, \$16,927.48; total assets, \$5,955,692.29.

**Liabilities—**Capital Stock, \$2,674,708.33; long term debt, \$2,743,400.00; working and accrued liabilities, \$182,842.34; corporate surplus unappropriated, credit balance, \$354,741.62; total liabilities, \$5,955,692.29.

**Operating Revenues—Portland Plant—**Exchange service revenue, \$266,153.38; toll service revenues, \$3,438.13; miscellaneous operating revenue, \$491.00; total operating revenue, \$270,082.51.

**Operating Expenses—Portland Plant—**Maintenance expenses, \$47,952.24; traffic expenses, \$38,614.89; commercial expenses, \$16,030.03; general and miscellaneous expenses, \$22,194.50; total expenses, \$124,791.66; taxes on telephone property, State of Oregon, Multnomah County, \$24,966.93; Linn County, \$1,406.47.

**Income Statement—Portland Plant—**Operating revenues, \$270,082.51; operating expenses, \$124,791.66; net operating revenues, \$145,290.85; deductions from net operating revenues, \$24,966.93; operating income, \$120,323.92; nonoperating income, \$2,260.27; gross income, \$122,584.19.

**Deductions From Gross Income—**Rent deductions for telephone offices, \$240.00; rent deductions for conduits, poles and other supports, \$105.67; miscellaneous rent deductions, \$300.00; interest deductions for funded debt, \$136,203.35; other interest deductions, \$601,583.00; total deductions from gross income, \$142,954.85; net loss, \$20,370.66.

**Corporate Surplus or Deficit Accounts—Credits—**Balance at beginning of year, \$375,112.28; debit balance transferred from income, \$20,370.66; balance carried to credit side of balance sheet, \$354,741.62.

**Stations—**Multnomah County, main stations, 5,279; private branch exchange stations, 3,030; extension sets, 1,032; total company stations, 9,341; private line stations, 22; service stations, 2,239; total number of stations, 11,602.

Linn County—Main stations, 1,129; extension sets, 33; total number stations, 1,162.

## RECAPITULATION OF CLASS B COMPANIES

No.	Name of Utility and Location	Fixed Capital June 30, 1916	Capital Stock Outstanding
1	Cooms and Curry Tel. Co., Marshfield .....	\$173,515.35	\$ 90,000.00
2	Home Independent Tel. Co., La Grande .....	226,352.45	74,480.00
3	Northwestern Long Distance Tel. Co., Portland....	453,076.15	629,100.00

## RECAPITULATION OF CLASS C COMPANIES

No.	Name of Utility and Location	Fixed Capital June 30, 1916	Capital Stock Outstanding
4	Corvallis Independent Tel. Co., Corvallis .....	92,361.22	17,950.00
5	Dallas Tel. Co., Dallas .....	27,799.20	35,000.00
6	Hillsboro Tel. Co., Hillsboro .....	22,952.19	12,600.00
7	Home Tel. and Tel. Co. of So. Ore., Medford .....	464,438.31	249,900.00
8	Independent Tel. Co., Forest Grove .....	10,978.00	.....
9	Malheur Home Tel. Co., Vale .....	81,989.05	44,275.00
10	McMinnville Loc. & Long Dis. Tel. Co., McMinnville .....	42,730.64	29,600.00
11	Multnomah & Clackamas Co. Mut. Tel. Co., Gresham .....	11,428.21	7,150.00
12	Nev.-Cal. & Ore. Tel. & Tel. Co., Lakeview .....	143,538.65	102,511.00
13	Oregon-Washington Tel. Co., Hood River .....	243,057.87	144,461.00

## RECAPITULATION OF CLASS D COMPANIES

No.	Name of Utility and Location	Fixed Capital June 30, 1916	Capital Stock Outstanding
14	Amity Mutual Tel. Co., Amity .....	\$ 3,500.00	\$ 3,375.00
15	Aurora Mutual Tel. Co., Aurora .....	5,340.00	4,075.00
16	Bisner Tel. System, Halfway .....	.....	.....
17	Butte Falls & Eagle Point Tel. Co., Eagle Point .....	3,908.20	3,000.00
18	Chetco Southern Tel. Co., Brookings .....	5,000.00	5,000.00
19	Clatskanie Tel. Co., Clatskanie .....	3,500.00	.....
20	Cloverdale Tel. Co., Cloverdale .....	6,500.00	2,000.00
21	Deschutes Mutual Tel. Co., Redmond .....	8,925.88	7,275.00
22	Drewsey Tel. Co., Drewsey .....	10,000.00	1,775.00
23	Dufur Local & Long Distance Tel. Co., Dufur .....	5,397.00	.....
24	Haines Tel. Co., Haines .....	8,000.00	.....
25	Home Tel. Co., Condon .....	4,000.00	.....
26	Independence Tel. Co., Independence .....	26,581.30	4,700.00
27	Independent Tel. Co., Pilot Rock .....	15,447.70	7,750.00
28	Intermountain Tel. & Tel. Co., Burns .....	46,407.25	.....
29	Interurban Tel. Co., Silverton .....	13,010.19	12,125.00
30	Klamath Tel. & Tel. Co., Fort Klamath .....	15,000.00	.....
31	Lakeview-Pine Creek Elec. Co., Lakeview .....	10,000.00	500.00
32	Lebanon Mutual Tel. Co., Lebanon .....	12,600.00	3,605.00
33	Lyle Telephone Co., Lyle, Wash. ....	5,255.88	2,875.00
34	Newberg Tel. Co., Newberg .....	28,111.22	15,175.00
35	Oregon City & Farmers' Ind. Tel. Co., Oregon City .....	55,224.89	2,700.00
36	Pioneer Mut. Tel. Co., Brownsville .....	1,000.00	.....
37	Pilot Butte Tel. Co., Prineville .....	2,381.85	2,000.00
38	Scholls Tel. Co., Inc., Hillsboro .....	12,000.00	5,985.00
39	Sheridan-Williamina Tel. Co., Sheridan .....	10,000.00	2,500.00
40	Sherwood Tel. Co., Sherwood .....	5,000.00	2,200.00
41	Tigardville Tel. Co., Tigardville .....	4,500.00	4,460.00
42	Tillamook Mutual Tel. Co., Tillamook .....	11,650.00	.....
43	Union County Tel. Co., Elgin .....	47,743.72	30,730.00
44	Yamhill County Mutual Tel. Co., Dayton .....	2,870.00	2,081.50
45	Yaquina Bay Tel. Co., Toledo .....	17,510.03	18,100.00

Funded Debt	Revenue	Expense	Other Deductions	Surplus for Year	Deficit for Year	Customers	No.
\$ 75,000.00	\$65,710.39	\$42,246.40	\$16,599.00	\$5,864.00	\$.....	2,564	1
108,000.00	56,363.06	41,477.88	13,743.52	1,141.66	.....	2,391	2
750,000.00	85,367.07	87,974.24	2,138.97	.....	6,613.84	.....	3

Funded Debt	Revenue	Expense	Other Deductions	Surplus for Year	Deficit for Year	Customers	No.
\$ 33,375.00	\$20,183.48	\$12,363.00	\$ 3,104.45	\$4,716.03	\$.....	1,819	4
3,500.00	11,843.90	8,164.41	3,230.54	449.05	.....	1,153	5
6,250.00	12,650.39	8,933.17	3,005.62	715.60	.....	718	6
200,000.00	38,424.48	24,308.24	13,765.22	351.02	.....	2,106	7
.....	10,536.82	8,413.91	882.24	1,230.67	.....	1,142	8
.....	19,372.29	15,905.79	3,225.61	240.89	.....	800	9
.....	12,522.21	6,162.56	3,540.17	2,819.00	.....	889	10
.....	11,957.48	10,153.61	2,991.60	.....	987.73	599	11
42,700.00	28,430.50	20,143.16	8,274.79	812.55	.....	445	12
154,107.49	42,173.29	32,474.86	12,141.18	.....	2,442.74	1,837	13

Funded Debt	Revenue	Expense	Other Deductions	Surplus for Year	Deficit for Year	Customers	No.
\$.....	\$ 3,253.24	\$ 2,816.73	\$ 140.69	\$ 296.82	\$.....	308	14
.....	2,398.86	1,648.38	116.48	634.00	.....	181	15
.....	.....	.....	.....	.....	.....	.....	16
.....	3,329.62	2,950.53	34.42	344.67	.....	199	17
.....	2,232.50	2,128.00	99.17	5.33	.....	86	18
.....	2,579.79	1,678.88	59.36	821.55	.....	289	19
.....	2,070.33	2,319.65	69.22	.....	318.54	175	20
500.00	4,409.87	3,349.48	110.95	949.44	.....	173	21
3,421.74	4,351.88	2,628.17	152.51	1,571.00	.....	69	22
.....	3,065.00	1,957.00	74.41	1,032.59	.....	313	23
.....	2,826.00	1,683.56	49.82	1,112.62	.....	181	24
.....	3,090.50	2,224.00	96.00	770.51	.....	150	25
9,850.00	9,187.09	5,900.80	258.16	3,028.14	.....	628	26
.....	8,486.23	7,605.64	63.18	737.41	.....	248	27
.....	2,470.15	1,180.05	20.00	1,270.10	.....	303	28
.....	3,774.63	6,452.05	215.91	2,106.67	.....	614	29
.....	4,863.63	4,978.25	239.06	.....	353.62	70	30
.....	4,900.00	9,495.00	52.68	452.32	.....	206	31
1,000.00	7,974.00	5,456.30	90.81	2,427.09	.....	774	32
.....	2,330.13	1,964.01	49.94	316.18	.....	123	33
4,000.00	8,920.27	4,987.41	376.58	3,556.28	.....	715	34
.....	5,883.64	4,500.07	559.14	324.43	.....	295	35
.....	3,025.23	3,025.23	125.23	.....	125.23	271	36
.....	2,968.47	2,384.94	72.35	511.18	.....	328	37
.....	7,190.88	6,570.87	168.16	461.85	.....	350	38
.....	6,463.10	6,328.61	111.48	23.01	.....	363	39
.....	2,379.49	2,129.03	68.93	181.53	.....	201	40
.....	3,784.05	3,409.27	124.07	250.71	.....	244	41
5,000.00	3,805.79	5,087.76	104.88	.....	1,386.85	470	42
1,675.00	9,150.84	8,016.95	302.89	831.00	.....	650	43
.....	3,541.84	2,218.52	100.63	1,312.69	.....	273	44
.....	3,361.73	2,957.42	.....	404.31	.....	258	45



## RECAPITULATION OF CLASS E COMPANIES

No.	Name of Utility and Location	Fixed Capital June 30, 1916	Capital Stock Outstanding
1	Alsea Tel. Co., Alsea .....	\$ 1,000.00	\$ 680.00
2	Applegate Valley Tel. Co., Provolt .....	2,100.00	1,415.00
3	Calapooia Tel. Co., Sutherlin .....	5,000.00	
4	Canby Mutual Tel. Assn., Canby .....	3,000.00	2,670.00
5	Canyonville Tel. Co., Canyonville .....	1,500.00	1,500.00
6	Columbia Tel. Co. of Oregon, Corbett .....	1,500.00	1,560.00
7	Creswell Tel. Co., Creswell .....	850.00	
8	Damascus Tel. Co., Damascus .....	800.50	2,200.00
9	Drain-Umpqua Tel. Co., Elkton .....	1,200.00	1,000.00
10	Estacada Tel. & Tel. Co., Estacada .....	2,500.00	10,000.00
11	Firwood-Dover Tel. Co., Sandy .....		1,200.00
12	Galloway Tel. Co., Heppner .....	1,554.15	1,600.00
13	Glendale Tel. Co., Glendale .....	5,525.00	5,000.00
14	Halsey Mutual Tel. Co., Halsey .....	300.00	
15	Home Tel. Co. of Linnton, Linnton .....	7,580.30	2,400.00
16	Izee Bear Valley Tel. Co., Izee .....	1,270.00	
17	Kenwill Tel. Co., North Bend .....		3,275.00
18	Merrill Tel. & Tel. Co., Merrill .....	1,988.78	2,200.00
19	Monroe Tel. Co., Monroe .....	1,500.00	890.00
20	Mosier Valley Tel. Co., Mosier .....	2,200.00	1,600.00
21	Mount Angel Tel. Co., Mount Angel .....	4,748.40	4,075.00
22	Nehalem Mutual Tel. Co., Mist .....	3,500.00	
23	North Powder Tel. Exchange, North Powder .....	1,800.00	
24	Panhandle Co-Op. Tel. Co., Halfway .....	2,000.00	1,775.00
25	Scio Mutual Tel. Co., Scio .....	350.00	
26	Smock & Dailey, Holland .....	1,250.00	
27	Southern Curry Tel. Co., Brookings .....	4,158.84	3,285.00
28	Turner Tel. Co., Turner .....	1,543.33	
29	Waldport Tel. Co., Waldport .....	375.00	
30	Wasco Southern Tel. Co., Antelope .....	17,500.00	
31	Yachats Tel. Co., Waldport .....	1,000.00	
32	Yamhill Mutual Tel. Co., Yamhill .....	254.20	480.00

Funded Debt	Revenue	Expense	Other Deductions	Surplus for Year	Deficit for Year	Customers	No.
-----	-----	605.79	11.19	-----	-----	68	1
636.00	1,100.00	1,003.00	47.00	50.00	-----	132	2
-----	1,199.48	800.45	20.60	378.43	-----	67	3
-----	795.85	807.10	-----	-----	11.25	382	4
-----	1,200.00	800.00	20.00	380.00	-----	64	5
-----	1,218.52	1,361.75	62.47	-----	205.97	101	6
-----	1,010.28	1,182.99	9.25	-----	181.96	123	7
-----	909.99	408.39	37.65	463.95	-----	92	8
-----	780.00	678.00	28.51	73.49	-----	70	9
-----	1,971.79	1,156.18	151.60	664.01	-----	312	10
-----	981.05	921.05	10.00	-----	-----	58	11
-----	578.40	507.18	19.80	46.42	-----	46	12
-----	1,023.64	1,044.39	15.87	-----	36.62	110	13
-----	931.50	906.50	6.00	19.00	-----	168	14
3,425.00	1,483.50	2,331.27	47.04	-----	894.81	52	15
-----	699.90	164.00	19.40	516.50	-----	27	16
775.00	621.00	650.85	34.36	-----	64.21	-----	17
-----	757.12	554.41	107.45	95.26	-----	43	18
-----	1,314.91	1,252.09	16.98	45.84	-----	92	19
-----	1,500.00	1,422.91	34.34	42.75	-----	72	20
-----	1,503.13	979.61	51.68	471.84	-----	107	21
100.00	1,054.74	1,202.00	33.63	180.89	-----	67	22
-----	1,560.00	1,502.75	17.47	39.78	-----	96	23
-----	1,071.00	935.02	18.00	117.98	-----	71	24
-----	1,560.00	1,023.50	19.95	516.55	-----	360	25
-----	591.00	276.00	17.30	297.90	-----	58	26
300.00	1,792.79	1,595.58	88.02	109.19	-----	71	27
-----	604.51	591.32	32.12	-----	18.93	105	28
-----	720.00	600.00	-----	120.00	-----	70	29
-----	1,104.88	1,063.08	89.59	-----	87.79	49	30
-----	664.08	638.53	-----	25.55	-----	68	31
-----	1,011.60	941.00	22.98	47.62	-----	281	32

## RECAPITULATION OF CLASS F COMPANIES

No.	Name of Utility and Location	Fixed Capital June 30, 1916	Capital Stock Outstanding
1	Agency Plains Tel. Co., Madras .....	\$ 950.00	.....
2	Bandon Farmers' & Merchants' Tel. Co., Bandon....	1,200.00	.....
3	Bentley Tel. Co., Bentley .....	2,000.00	.....
4	Blachly Deadwood Tel. Co., Blachly .....	2,000.00	.....
5	Blodgett and Summit Tel. Co., Corvallis .....	300.00	.....
6	Blue Mountain Toll Line, Spray .....	1,500.00	.....
7	Boring Mutual Tel. Co., Boring .....	418.50	.....
8	Bowman, C. P. Tel. Line, Echo .....	2,500.00	.....
9	Bunting Tel. Co., Lakeview .....	3,084.00	.....
10	Deer Creek Valley Tel. Co., Selma .....	.....	.....
11	Dent Tel. & Tel. Co., Lakeview .....	2,800.00	.....
12	Eugene, Elmira & Florence Tel. Co., Noti.....	3,000.00	.....
13	Farrington M. D. Tel. Line, Wrentham .....	1,200.00	.....
14	Green Mt. Mutual Tel. Co., Buxton .....	350.00	.....
15	Heights Tel. Co., Templeton .....	1,510.00	.....
16	Helix Tel. Co., Helix .....	1,000.00	.....
17	Langell Valley Tel. Co., Bonanza .....	1,800.00	.....
18	Llewellyn Tel. Co., Eugene .....	400.00	.....
19	Long Creek & Ritter Tel. Co., Long Creek.....	644.00	.....
20	Malheur & Baker City Tel. Co., Malheur.....	1,125.00	.....
21	Massamore, Geo. H. Line, Greenhorn.....	341.19	.....
22	Moss Tel. Co., Paisley .....	3,000.00	.....
23	Nehalem Tel. Co., Vernonia .....	1,250.00	.....
24	Philomath Independent Tel. Co., Philomath .....	.....	.....
25	Plainview Mutual Tel. Co., Plainview .....	450.00	.....
26	Potter, A. B. Tel. Line, Klondike .....	400.00	.....
27	Promise Mutual Tel. Association, Promise.....	972.86	.....
28	Quincy-Mayger Tel. Co., Quincy.....	2,500.00	.....
29	Rye Valley Tel. Co., Rye Valley .....	631.20	.....
30	Sams Valley Local Tel. Co., Sams Valley.....	439.50	.....
31	Shaw Tel. Co., Durkee .....	1,500.00	.....
32	Spring Valley Tel. Co., Dairy .....	.....	.....
33	South Fork Tel. Co., Dayville .....	600.00	.....
34	Stage Gulch Te' Line, Pendleton .....	600.00	.....
35	St. Paul Mutual Tel. Co., St. Paul .....	197.09	.....
36	Sweet Home, Foster & Cascadia Tel., Sweet Home	3,000.00	.....

Funded Debt	Revenue	Expense	Other Deductions	Surplus for Year	Deficit for Year	Customers	No.
.....	\$ 128.40	\$ 107.71	\$ 16.45	\$ 4.24	.....	38	1
.....	240.25	232.50	19.66	.....	11.91	27	2
.....	288.00	144.00	22.57	121.43	.....	24	3
.....	285.00	355.90	9.08	.....	79.98	30	4
.....	53.00	44.00	.....	9.00	.....	.....	5
.....	450.00	225.00	15.00	210.00	.....	10	6
.....	181.79	273.59	17.64	.....	109.44	12	7
.....	162.00	85.00	.....	77.00	.....	12	8
.....	491.97	356.04	42.93	93.00	.....	8	9
.....	464.87	408.96	25.88	30.03	.....	41	10
.....	337.62	498.17	33.57	.....	194.12	22	11
.....	229.41	208.02	44.81	.....	23.41	57	12
.....	331.20	283.45	8.61	49.14	.....	22	13
.....	164.56	154.42	2.75	7.39	.....	23	14
.....	156.00	95.20	26.76	34.05	.....	25	15
.....	1,200.00	600.00	10.50	589.50	.....	52	16
.....	353.95	198.68	64.10	91.17	.....	45	17
.....	123.60	95.86	16.31	11.43	.....	63	18
.....	376.95	320.13	19.76	37.06	.....	22	19
.....	494.59	326.55	31.18	136.86	.....	10	20
.....	48.00	31.50	3.00	13.50	.....	48	21
.....	310.37	334.18	18.42	.....	42.28	58	22
.....	257.00	205.33	51.67	.....	.....	46	23
.....	420.00	360.00	26.20	33.80	.....	59	24
.....	222.00	188.43	5.98	27.59	.....	20	25
.....	237.00	185.00	7.08	44.92	.....	9	26
.....	71.80	59.79	.....	12.01	.....	21	27
.....	70.25	30.15	42.24	.....	2.41	63	28
.....	322.32	108.82	20.06	193.45	.....	17	29
.....	126.06	126.81	4.53	.....	5.28	28	30
.....	126.00	16.00	1.97	103.03	.....	7	31
.....	141.60	91.97	52.07	.....	3.44	36	32
.....	150.00	138.99	2.34	8.67	.....	4	33
.....	100.00	70.00	1.85	28.15	.....	5	34
.....	498.82	371.40	17.25	110.17	.....	75	35
.....	175.00	192.00	14.03	.....	31.03	81	36

## GAS UTILITIES

### Eastern Oregon Light & Power Company (Baker Gas Plant)

For general data, see electric report.

*Fixed Capital*—Installed June 30, 1916, as reported, \$5,377.61. Other gas capital included in general fixed capital (approximate total, \$100,000.00).

*Operating Revenues*—From gas, \$6,005.10; rent of appliances, \$4.80; residuals and byproducts, \$1,091.69; total, \$7,101.59.

*Operating Expenses*—Production, \$3,774.00; production maintenance, \$42.41; distribution, \$21.52; distribution maintenance, \$73.20; utilization, \$43.02; commercial, \$886.86; undistributed, \$29.20; depreciation, \$733.37; total, \$5,594.58.

*Taxes*—\$300.00.

*Operating Income*—Gas, \$1,072.76.

*Statistics*—Coal Gas Plant—Gas manufactured, 3,617,100; gas sold, 3,028,900; unaccounted for equals, 17 per cent of gas sold; average daily production, 9,909; pressure of gas at mains, three inches; holder capacity, 12,000; cost of coal at plant, \$6.60; coke produced per ton of coal carbonized, 1,135, or fifty-six per cent; coke used for bench fuel, 518, or twenty-five per cent; yield per pound of coal, 5.38; population of territory served, 7,500; mains, seven and one-half miles; meters, 181.

### Oregon Gas & Electric Company

Organized May 9, 1911, under the laws of Arizona.

*Principal Office*—718 Mission Street, San Francisco, California.

*Principal Office in Oregon*—Medford.

*Locations of Plants*—Phoenix, Grants Pass and Roseburg, Oregon.

*Towns Supplied*—Ashland, Talent, Phoenix, Medford, Grants Pass and Roseburg, all in Oregon.

*Principal Officers*—President, W. F. Boardman; Vice-President, Chas. F. Legee; Secretary and Attorney, W. C. Crittenden; Treasurer, General Manager and Auditor, George F. Eckert.

*Fixed Capital*—June 30, 1916, \$960,686.88.

*Capital Stock*—Common—Issued and outstanding, \$540,000.00.

*Funded Debt*—Issued and outstanding, \$400,000.00; interest, six per cent; interest accrued, \$24,000.00, but not paid.

*Operating Revenues*—From gas, \$26,986.74; from merchandise and jobbing, \$371.04; total, \$27,357.78.

*Operating Expenses*—Production, \$14,706.46; production maintenance, \$522.95; distribution, \$7,669.84; distribution maintenance, \$269.47; utilization, \$495.00; commercial, \$463.85; general, \$627.20; undistributed, \$68.56; depreciation based on two and one-half per cent, \$23,929.08; total, \$46,100.94.

*Taxes*—\$2,305.89.

*Operating Income*—\$138.05.

*Statistics*—Oil Gas Plants—Gas manufactured, 20,802,000; gas sold, 16,696,000; unaccounted for equals 23.2 per cent of gas sold; average daily production, 50,000; oil cost at plant, \$0.0275 and \$0.031 per gallon; yield per gallon of oil carbonized, 60 cubic feet; generator fuel per thousand cubic feet made, three and one-half gallons or two and six-tenths per cent; population of territory served, 10,000; miles of main, forty-eight and four-tenths; meters in use, 1,402; maximum pressure, six inches.

### Oregon Power Company (Coos Bay Gas Plant)

For general data, see electric report.

*Fixed Capital*—\$67,991.45.

*Operating Revenues*—From gas, \$14,193.85; merchandise and jobbing, loss, \$46.65; residuals and byproducts, \$14.80; miscellaneous revenues, \$3,864.14; total, \$18,026.14.

*Operating Expenses*—Production expense, \$4,697.23; production maintenance, \$963.68; distribution, \$609.83; distribution maintenance, \$415.49; utilization, \$160.69; commercial, \$834.61; general and miscellaneous, \$2,193.49; undistributed, \$751.15; general amortization, (including depreciation), none; total, \$10,626.17.

*Taxes*—\$1,334.49.

*Operating Income*—\$5,994.40.

*Statistics*—Oil Gas Plant—Gas manufactured, 11,061,290; gas sold, 9,029,800; unaccounted for equals 22.5 per cent of gas sold; average daily production, 30,305; average pressure, 4 inches; holder capacity, 30,000; cost of oil per gallon, \$0.023; yield per gallon, 86.5 cubic feet; generator fuel per thousand cubic feet, 11.6 gallons; B. T. U. for one cent, 373; B. T. U., 560; population of territory served, 8,367; per mile of main, 482; gas sales per mile of main, \$60.98; meters, 476; miles of mains, 17.3.

### Oregon Power Company (Eugene Gas Plant)

General data, see electric report.

*Fixed Capital*—Installed June 30, 1916, \$326,202.90.

*Operating Revenues*—From gas, \$34,013.59; merchandise and jobbing, \$504.13; residuals and byproducts, \$35.35; miscellaneous revenues, \$1.00; total, \$34,554.07.

*Operating Expenses*—Production expense, \$16,163.99; production maintenance, \$1,518.09; transmission, \$7.58; transmission maintenance, \$4.64; distribution, \$1,522.26; distribution maintenance, \$243.28; utilization, \$921.72; commercial, \$2,594.49; general and miscellaneous, \$3,544.89; undistributed, \$632.63; general amortization (includes depreciation), none; total, \$27,153.57.

*Taxes*—\$2,768.29.

*Operating Income*—\$4,547.19.

*Statistics*—Water Gas Plant—Gas manufactured, 30,625,000; gas sold, 24,340,000; unaccounted for equals 25 per cent of gas sold; average production, 85,000; average pressure, 3 inches; holder capacity, 170,000; cost of oil per gallon, \$0.047; generator fuel, per thousand cubic feet, 36 pounds coke; B. T. U., —; population served, 15,000; per mile of main, 441; gas sales per mile of main, \$459.64; miles of main, 30.9; meters, 1,631.

### Pacific Power and Light Company (Astoria Gas Plant)

For general data, see electric report.

*Fixed Capital*—Not reported.

*Operating Revenues*—From gas, \$16,621.06; merchandise and jobbing, \$566.90; total, \$17,187.96.

*Operating Expenses*—Production, \$6,558.08; production maintenance, \$1,543.95; distribution, \$869.84; distribution maintenance, \$360.46; utilization, profit of \$53.58; commercial, \$3,004.31; undistributed, \$221.39; total, \$12,504.45; general amortization (including depreciation), none; total, \$12,504.45.

*Taxes*—\$1,635.30.

*Operation Income*—\$2,957.94.

*Statistics*—Crude Oil Plant—Gas manufactured, 13,212,000; gas sold, 11,128,000; unaccounted for equals 18.7 per cent of gas sold; average daily production, 36,200; average pressure, 2½ inches; cost of oil per gallon, \$0.02; yield per gallon, 80; generator fuel, 2.5 gallons per thousand; average B. T. U., 620; population of territory served, 10,000; per mile of main, 1,111; gas sales per mile of main, 1,909; meters in use, 688; number of customers connected, end of year, 522.

## Pacific Power and Light Company

### (Pendleton Gas Plant)

For general data, see electric report.

*Fixed Capital*—Not reported.

*Operating Revenues*—Gas, \$20,689.25; merchandise and jobbing, \$306.69; residuals and byproducts, \$4,105.95; miscellaneous revenues, \$180.00; total, \$25,281.89.

*Operating Expenses*—Production, \$9,893.13; production maintenance, \$579.42; distribution, \$460.68; distribution maintenance, \$659.87; utilization, \$63.19; commercial, \$1,696.74; miscellaneous, \$297.40; undistributed, \$165.98; general amortization (including depreciation), none; total, \$13,816.41.

*Taxes*—\$835.09.

*Operating Income*—\$10,521.79.

*Statistics*—Coal Gas Plant—Gas manufactured, 11,414,100; sold, 10,566,700; unaccounted for equals 7.4 per cent of gas sold; average daily production, 31,300; average gas pressure, 3½ inches; holder capacity, 20,000; generator capacity, 40,000 per diem; coal cost at plant, \$4.80 per ton; coke produced per ton of coal carbonized 1,300 pounds or 65 per cent; coke used for bench fuel, 500 pounds or 25 per cent; yield per pound of coal, 5.4; average B. T. U., 612; population of territory served, 5,000; meters in use, 781; number of customers connected, end of year, 694.

## Portland Gas and Coke Company

Organized January 10, 1910, under the laws of Oregon.

*Principal Office*—Portland, Oregon.

This company is controlled by the American Power & Light Company, 71 Broadway, N. Y.

*Location of Plant*—Gasco Station, Portland, Oregon.

*Towns Supplied*—Portland, St. Johns, Linnton, Milwaukie, Oak Grove, Gladstone, Oregon City, Oregon; and Vancouver, Washington.

*Corporations Owned*—Northwest Gas Equipment Company. The St. Johns Gas Company was purchased by and merged with the Portland Gas & Coke Company, December 31, 1915.

*Principal Officers*—President, Guy W. Talbott, Portland; Vice-President, F. G. Sykes, New York; Secretary and Treasurer, Geo. F. Nevins; General Manager, H. M. Papst; General Attorney, Jno. A. Laing.

*Fixed Capital*—June 30, 1916, \$11,291,186.56; construction work in progress, \$202,122.52; total, \$11,493,259.08.

*Capital Stock*—Common—Par value issued and outstanding, \$3,000,000.00; 3½ per cent dividends accrued and paid, \$105,000.00; preferred, par value, issued and outstanding, \$2,000,000.00; 7 per cent dividends accrued and paid, \$140,000.00.

*Funded Debt*—Thirty year five per cent bonds, dated January 1, 1910; amount outstanding, \$5,943,000.00; interest accrued, \$295,275.00; interest paid, \$288,375.00; fifty year underlying bonds, Portland Gas Company, dated August 1, 1901; issued and outstanding, \$371,000.00; five per cent interest accrued, \$18,550.00; paid, \$19,525.00.

*Operating Revenues*—From gas, \$1,171,710.39; meter rent, \$19,158.94; merchandise and jobbing, \$6,227.92; residuals, \$123,133.10; other, \$364.87; total, \$1,320,595.22.

*Operating Expenses*—Production, \$277,575.73; production maintenance, \$9,386.57; transmission, \$7,106.68; transmission maintenance, \$567.01; distribution, \$26,815.31; distribution maintenance, \$10,373.09; utilization, \$20,895.88; commercial, \$102,718.19; general and miscellaneous, \$126,165.45; undistributed, \$4,490.08; general amortization (including depreciation), none; total, \$586,093.94.

*Taxes*—\$110,591.56.

*Operating Income*—\$616,279.44.

*Statistics*—Crude Oil Gas Plant—Gas manufactured, 1,563,761,000; sold, 1,330,748,000; unaccounted for equals 17.5 per cent of gas sold; average daily production, 4,284,000; maximum pressure, 6 inches; average pressure, 4.7 inches; cost of oil per gallon, \$0.0178; carbon produced per thousand gallons oil carbonized, 27.5 pounds; yield per gallon of oil carbonized, 113.75; generator fuel per thousand cubic feet, .525 gallon; average B. T. U. 570.4; B. T. U. for one cent, 6,345; average total grains sulphur per 100 cubic feet, 15.61; population of territory served (estimated), 300,000; per mile of main, 342; gas sales per mile of main, 1,500,743; gas mains, high pressure, 291 miles; low pressure, 575 m.e.s; ordinary meters in use, 40,037; prepay meters (supplemental and rented), 5,426.

## Portland Railway, Light and Power Company

### (Salem Gas Plant)

For general data, see electric report.

*Fixed Capital*—Installed June 30, 1916, as reported, \$96,200.03; other gas capital included in general fixed capital (total approximately \$180,000.00).

*Operating Revenues*—From gas, \$27,104.32; merchandise and jobbing, \$183.91; residuals and byproducts, \$7,587.34; total, \$34,875.57.

*Operating Expenses*—Production, \$18,851.04; production maintenance, \$402.60; transmission, \$79.55; transmission maintenance, \$49.60; distribution, \$1,211.10; distribution maintenance, \$612.62; utilization, \$768.72; commercial expenses, \$3,209.33; general and miscellaneous, \$3,103.62; undistributed, \$319.45; depreciation allowance, \$1,123.25; total, \$29,730.88.

*Statistics*—Coal Gas Plant—Gas manufactured, 19,739,500; gas sold, 18,410,000; unaccounted for equals 12 per cent of gas sold, daily average output, 54,000; average pressure, 3.2 inches; holder capacity, 63,000; cost of coal at plant, \$5.56; coke produced per ton, 1,160 pounds or 58 per cent; coke for bench fuel, 351 pounds or 30.3 per cent; yield per pound of coal, 4.55 cubic feet; average B. T. U., 621.9; population of territory served, 14,000; gas sales per mile of main, \$78.40; miles of mains, 33.2; meters in use, 1,380.

## St. Johns Gas Company

Organized January 10, 1910, under the laws of Oregon.

Merged with Portland Gas and Coke Company, December 31, 1915.

Report covers six months ending December 31, 1915.

*Operating Revenues*—From gas, \$3,938.18; meter rents, \$101.80; merchandise and jobbing, \$296.52; total, \$4,336.50.

*Operating Expenses*—Gas purchased, \$2,076.40; distribution, \$60.71; distribution maintenance, \$24.13; utilization, \$45.08; commercial, \$549.96; general and miscellaneous, \$227.72; undistributed, \$3.62; general amortization (and depreciation), none; total, \$2,987.62.

*Taxes*—\$902.80.

*Operating Income*—\$340.99.

*Statistics for Six Months*—Gas purchased from Portland Gas & Coke Company; gas sold, 4,152,000 cubic feet; unaccounted for, none; gas is purchased at \$0.50 per thousand cubic feet, based on consumer's meter readings, and the unaccounted for gas in St. Johns is absorbed in the Portland Gas & Coke Company figures; average pressure on mains, 12 pounds; B. T. U. average, 470; B. T. U. for one cent, 6,345; population of territory served, 7,000; per mile of main, 252; high pressure mains, 26.8 miles; meters in use, 400; prepay meters (supplemental and rented), 37.



## RECAPITULATION OF WATER UTILITIES

No.	Name of Utility and Location	Capital Stock Out- standing	Funded Debt Out- standing
1	Ardenwald Water Co., North Milwaukie .....	\$ 1,850.00	.....
2	† Barview Water & Light Co., Barview .....	.....	.....
3	† Bend Water & Light Co., Bend .....	.....	.....
4	Brookings Land & Townsite Co., Brookings .....	.....	.....
5	† California-Oregon Power Co., Klamath Falls .....	.....	.....
6	Cascade Water Co., Cascade Locks .....	1,500.00	.....
7	Cherry Grove Land Co., Cherry Grove .....	.....	.....
8	Citizens' Water & Light Co., Halsey .....	2,600.00	\$ 200.00
9	Cold Springs Water Co., Yoncalla .....	5,000.00	.....
10	Coos Bay Water Co., Marshfield .....	250,000.00	100,000.00
11	Dallas Water Co., Dallas .....	.....	.....
12	† Deschutes Power Co., Prineville .....	.....	.....
13	Donald Water Co., Donald .....	3,000.00	.....
14	† Douglas County Light & Water Co., Roseburg .....	.....	.....
15	Downey Water Co., Willamette .....	.....	.....
16	Drain Water Co., Drain .....	6,000.00	17,000.00
17	† Electric Investment Co., Ontario .....	.....	.....
18	Gaston Water Co., Gaston .....	.....	.....
19	Gearhart Park Co., Gearhart .....	.....	.....
20	Gold Beach W. L. & P. Co., Gold Beach .....	3,230.00	.....
21	Harrisburg Water System, Harrisburg .....	.....	2,450.00
22	† Heppner Light & Water Co., Heppner .....	.....	.....
23	Lakeview Water Co., Lakeview .....	71,050.00	.....
24	† Lebanon Electric Light & Water Co., Lebanon .....	.....	.....
25	Moyer Estate, Brownsville .....	.....	.....
26	J. H. Miller, Junction City .....	.....	.....
27	Moster Water Service, Mosier .....	.....	.....
28	North Coast Power Co., Hillsboro .....	.....	.....
a	† Washington-Oregon Corporation, Hillsboro .....	.....	.....
29	North Yamhill Water Co., Yamhill .....	8,175.00	.....
30	Old Water System, Canyon City .....	.....	.....
31	† Oregon Power Co., Albany .....	.....	.....
	Oregon Power Co., Independence .....	.....	.....
	Oregon Power Co., Springfield .....	.....	.....
32	† Oswego Lake Water, Light & Power Co., Oswego .....	.....	.....
33	Parkrose Water Works, Parkrose Addition .....	.....	.....
34	† Rainier Water Service, Rainier .....	.....	.....
35	Riddle, Ernest D., Riddle .....	.....	.....
36	Rockaway Beach Co., Rockaway .....	4,000.00	.....
37	Rogue River Public Service Corp., Gold Hill .....	2,000,000	297,950.00
38	Rogue River Water Co., Grants Pass .....	50,000.00	100,000.00
39	Salem Water Co., Salem .....	416,300.00	255,000.00
40	† Smith Powers Logging Co., Powers .....	.....	.....
	† G. A. Brown, Lessee, Powers .....	.....	.....
41	St. Johns Water Co., St. Johns .....	.....	.....
42	† Sumpter Power & Water Co., Sumpter .....	.....	.....
b	† Northwest Light & Water Co., Sumpter .....	.....	.....
43	Sweet Home Mt. Water Works, Sweet Home .....	1,050.00	.....
44	Tillamook Bay Water Co., Ocean Lake .....	4,500.00	.....
45	Tillamook Public Service Co., Bay City .....	1,000.00	.....
46	Troutdale Water Works, Troutdale .....	.....	.....
47	† Tualatin Valley Electric Co., Sherwood .....	.....	.....
48	Tualatin Valley Water Co., Beaverton .....	50,000.00	33,500.00
49	† Waldport Water Works .....	.....	.....
50	Winkel, Dora <i>et al.</i> , Canemah .....	.....	.....
	Total in Oregon .....	.....	.....

† Joint utility; see report under Electric Utilities, for joint items marked "†."

‡ Utility included no allowance for depreciation; operating income and surplus shown are consequently too large by the amount of the depreciation accruing.

§ Failed to report prior to December 10, 1916.

a Report covers first four months of year, not included in eight month report of utility next above.

b Report covers first eleven months of year, not included in one month report of utility next above.

c Installed since July 1, 1912, that previously installed included in electric utility fixed capital. Note "g."

Fixed Capital June 30, 1916 in Oregon	Operating Revenues in Oregon	Operating Expenses	Taxes in Oregon	Operating In- come or (Loss) in Oregon	Surplus or (Deficit) for Year	No. of Custo- mers June 30, 1916	No.
\$ 3,624.42	\$ 365.45	\$ 325.10	\$ 10.66	\$ 29.69	\$ 29.69	29	1
63,000.00							2
63,804.94	10,775.35	5,440.17	313.40	4,954.28		623	3
13,685.18	2,214.40	1,069.43	81.13	1,063.84	1,063.84	56	4
	26,500.70	113,208.89	999.70	12,030.02		822	5
1,387.50	499.50	1127.80	30.42	341.28			6
5,000.00	632.26	584.94	2.72	56.60		49	7
2,940.66	805.95	556.98	24.47	224.50	(508.73)	46	8
5,000.00		1200.00		300.00			9
862,607.43	36,744.24	20,038.14	2,508.73	14,181.99	2,596.92	1,310	10
59,507.22	11,923.41	5,720.21	576.86	5,626.34	(299.43)	703	11
28,040.05	8,090.49	4,621.83	672.62	2,731.39		353	12
3,141.39	306.65	410.41	48.24	(152.00)	(170.00)	20	13
c 23,175.86	22,244.86	11,970.53	1,330.52	8,873.61		1,374	14
	1,816.25	11,381.82	105.00	232.43		115	15
23,000.00	1,953.07	1,428.14	101.43	1,423.50	(166.50)	64	16
	4,545.35	11,848.10	188.37	2,445.79		115	17
	443.87	1,440.87		3.00		41	18
19,227.22	1,788.41	1,615.00		1,173.41		220	19
3,400.67	444.60	1,382.90	37.78	15.70	15.70	35	20
11,500.00	2,090.80	1,700.00	38.90	353.90		120	21
46,528.90	7,281.25	6,103.26	311.00	956.99		249	22
71,050.00	8,496.99	3,310.31	697.81	4,488.87	(1,546.13)	436	23
26,153.34	6,211.30	3,002.43	374.34	2,736.33		487	24
	2,034.44	1,767.57		1,266.87		127	25
6,261.70	2,187.00	1,878.00	40.00	219.00		98	26
10,370.14	702.60	1,167.80		534.80		50	27
134,347.53	7,078.06	12,928.27	572.82	3,576.97		879	28
	4,006.36	1,225.56	286.41	2,494.39			a
8,971.70	1,614.87	494.82	102.30	1,017.75	118.50	110	29
1,000.00	181.70	4.75	17.47	159.48		12	30
d 153,211.74	30,104.16	19,823.52	2,034.57	18,170.80		1,179	31
d 23,065.82	6,086.21	12,840.95	373.30	2,857.12		273	
d 28,163.03	6,706.18	12,384.62	300.77	4,004.39		339	
25,238.04	3,764.10	4,353.40	173.96	(763.26)		202	32
24,020.53	1,690.15	11,801.36	20.60				33
							34
	400.00	40.00	60.00	300.00	300.00		35
2,000.00	200.00			200.00			36
e 950,444.00	1,434.35	15,196.24		(3,761.89)	(16,629.79)	129	37
152,775.21	19,629.15	11,724.34	2,266.25	5,593.66	(56.88)	745	38
692,940.40	72,985.26	40,164.14	8,762.63	23,114.05	10,089.57	3,315	39
3,400.00							40
	418.05	587.17		(169.12)			
	21,288.17	20,229.43	932.80	34.13	(1,613.76)		41
101,900.00	386.80	516.91	31.75	(171.66)		131	42
	4,469.53	5,825.80	357.58	(1,726.55)			a
1,000.00	84.00	80.00	25.51	(21.51)	(106.61)	13	43
750.00	36.65					30	44
	1,555.45	382.27		1,173.18			45
4,197.00	501.57	1,562.98	35.76	(91.17)		36	46
3,216.07	880.46	976.34	39.30	(177.16)		76	47
56,728.33	2,554.10	2,367.87		186.23	186.23	84	48
							49
\$2,162,001.12	\$350,190.52	\$201,246.38	\$24,885.88	\$122,137.25	(\$6,671.28)	15,110	
3,225.00	550.00	1,625.00		25.00	25.00	55	50

d Installed since May 1, 1910, that previously installed not shown in report.

e Shows also electric fixed capital \$449,161.15 not yet involved in utility operations.

\* Interstate utility, division of fixed capital by state lines not previously kept. Operating income (or loss) listed above is equivalent to the return derived from utility operations after deducting operating expenses, taxes and uncollectible revenues (not listed) from operating revenues. The "surplus (or deficit)" is the amount remaining after interest, dividends and other deductions are made from operating income (or loss).



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**ELEVENTH ANNUAL REPORT**

OF THE

**PUBLIC SERVICE COMMISSION  
OF OREGON**

TO THE

**GOVERNOR**



**JULY 1, 1916 TO  
DECEMBER 31, 1917**

**HARVARD UNIVERSITY**

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ELEVENTH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE COMMISSION  
OF OREGON  
TO THE  
GOVERNOR

JULY 1, 1916, to  
DECEMBER 31, 1917



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MAY. 2 1923

# ELEVENTH ANNUAL REPORT

To the Governor:

Sir: The Public Service Commission of Oregon submits herewith its Eleventh Annual Report, as required by law.

Heretofore these reports have covered the activities of the Commission for each year ending June 30, but by Act of the 29th Legislature, Chapter 20 of the General Laws of Oregon for the year 1917, the fiscal year covered by annual report of all railroads and public utilities in the State was changed to conform to the calendar year.

Inasmuch as the period to be covered by the Public Service Commission's Annual Report was similarly changed by the same Legislative Act, this report will embrace the eighteen months from July 1, 1916, to December 31, 1917. In order that no confusion might result, all 1917 statistics included have been presented separately from those of the preceding periods.

Owing to the entrance of our country into the world war and the consequent necessity for conservation of time and materials, and at the suggestion of the State Printing Board, the same detail hitherto observed in reporting the Commission's operations will not be preserved herein.

## JURISDICTION

In addition to its jurisdiction over the regulation of the service and rates, accounting, etc., of railroad, express, sleeping cars, light, power, street railway, heat, gas, telephone, telegraph and water public service agencies operating within the State of Oregon, except municipally owned or operated utilities, the jurisdiction of the Commission was extended during the year by the following Acts of the Legislature:

### CHAPTER 128

An Act to declare and regulate the powers, rights and duties of corporations organized to build dams, booms, drive and catch logs and timber products therein; and for the placing of such corporations under the control and jurisdiction of the Public Service Commission of Oregon; granting right of eminent domain; and to repeal all laws and portions of laws in conflict with this Act.

### CHAPTER 228

An Act relating to crossings between or involving highways and railroads, and to the installation, regulation, changing, separation and elimination of grade crossings of railroads and highways; providing for the apportionment of the cost and expenses thereof; providing for the carrying out of the provisions of said Act; exempting cities of 100,000 population from the application of this Act; providing for mandamus proceedings, and repealing all Acts and parts of Acts in conflict herewith.

### CHAPTER 333

For the prevention of fraud in the grain, grain products and hay trade and trade in rice, beans, and other similar articles, fertilizers, chemicals and other commodities, for the establishment and preservation of standards for grain, grain products, hay and such other commodities, regulating warehousemen, millers, shippers, and buyers of grain, grain products, hay and such other commodities, defining the duty of railroads, providing a fund for the administration thereof, and providing penalties for the violation thereof.

### CHAPTER 429

An Act providing for the establishment and maintenance of signs on streets and highways approaching railroad crossings, prescribing the character of such signs, the designation of certain crossings as "stop" crossings; providing for imposing penalties for violation of this Act, and repealing all Acts or parts of Acts in conflict herewith.



In this connection, worthy of note is Chapter 164 of the General Laws of 1917, requiring the issuance of a Certificate of Public Convenience and Necessity prior to the beginning of any construction by a public utility, specifying exceptions, and empowering the Public Service Commission to require a public utility to extend its lines, plant or system into and to render service to a locality not already served. These supplementary powers in the Commission are necessary concomitants to the broad application of the Public Utility Act, and have been found practicable and productive of good results where enacted in other States.

### ORGANIZATION AND PERSONNEL

Messrs. H. H. Corey and Fred G. Buchtel, Commissioners-elect from the Eastern Oregon and Western Oregon districts, respectively, assumed office on January 1, 1917. The former succeeded himself and the latter succeeded Commissioner Thos. K. Campbell. The Commission then organized and elected Commissioner Frank J. Miller Chairman. Upon the resignation of Edward Ostrander as Secretary, the vacancy was filled by the appointment of Ed Wright, of La Grande, on September 1, 1917.

In the Engineering Staff, E. W. Moreland, Railroad Engineer, resigned April 30. W. D. Clarke was appointed his successor. Leaves of absence to enter the military service were granted to C. J. Green, Hydro-Electric Engineer, on July 24, 1917, and W. D. Clarke, Railroad Engineer, on October 4, 1917. As a result of this reduction in the technical force, the remainder of the staff was severely taxed to perform even the most urgent work as it arose. And this congested situation became aggravated as the volume of business increased due to the abnormal war conditions.

Several changes occurred in the clerical force during the year.

### COMPLAINTS BEFORE THE COMMISSION

All complaints received by the Commission are classified as formal or informal.

The former are brought under the rules of practice and procedure prescribed by the Commission, under the statutes; hearings are set and such orders subsequently issued as are warranted by the facts developed at the hearings.

Informal complaints are usually made by letter or personal call. The grievance is taken up with the utility involved, explanations are sought and effort made to eliminate the ground for complaint. Frequently grievances arise which are not justified by clearer comprehension of facts or of law. In nearly all such cases, the matter is rectified without the necessity of resorting to a formal hearing, with its consequent expense to the State. A large sum of money is saved each year by the avoidance of formal proceedings whenever possible, and the simplicity of this procedure affords a great convenience to the public. The saving of time on the part of the technical and other force of the Commission thus realized is a factor of great importance.

The number of formal and informal complaints against the railroads and utilities during the year 1917 has somewhat exceeded those of the previous year, occasioned, no doubt, by the abnormal conditions, and other factors of more or less temporary nature. The informal complaints have been disposed of without delay, and the formal cases have been expedited to the extent permitted by the Commission's reduced force.

**REPARATION AND DAMAGE CLAIMS**

Reparation orders issued by the Commission during the year authorized the refunding to shippers of the amounts listed below opposite the name of the respective carriers involved. The justice of these refunds arises out of errors, oversight, misunderstandings, tariff changes, etc., that occur from time to time.

Carrier	No. Claims	Amount
Oregon-Washington Railroad & Navigation Co. ....	18	\$1,084.19
Southern Pacific Company .....	42	4,986.86
Oregon Electric Company .....	5	48.13
Spokane, Portland & Seattle Railway Company .....	3	21.67
American Express Company .....	1	10.83
Total .....	69	\$6,151.68

The Commission has also afforded assistance in the adjustment of damage claims as named below:

Company	Amount
California-Oregon Power Company .....	\$ 28.95
Idaho Power Company .....	463.20
Total .....	\$492.15

**GRADE CROSSINGS**

As heretofore, the Commission has kept foremost its fixed policy of eliminating grade crossings where hazardous, and involving unnecessary danger to the traveling public, always avoiding on the other hand the imposing of excessive burdens of construction costs upon the public or the railroads.

Of the 56 formal applications placed on the docket during the year 1917, each involving from one to eleven crossings, 29 came from standard and logging railroads, 12 from counties and school districts, 4 from cities, and and 11 from individuals or industries. Of the total number of 91 crossings applied for, 76 were authorized, 1 was authorized for one year, 7 were denied, 1 was eliminated and 6 were dismissed for various reasons.

**TRACK SCALES INSPECTION**

The testing of railroad track scales of Oregon has been continued as usual. This work is done by an expert employed jointly by the States of Oregon and Washington, using a scale test car of 60,000 pounds weight owned by the two States. The cost of maintaining this work is borne by the carriers in the form of fees paid into the State Treasury.

Below is a summary of the results of this work from November 1, 1916, as reported on December 31, 1917, all except one test having been made during the year 1917:

Total number of scales tested, carriers.....	26
Total number of scales tested, industries.....	2
Total number of scale tests made.....	53
Scales tested and not sealed .....	4
Scales tested and resealed .....	1
Total number refitted .....	10
Scales without seal December 31, 1917 .....	3
New scale installations during the year .....	4

Owing to war exigencies, many heavily loaded cars have been coming in and going out of the State, and as these exceed the capacity of many of the older and lighter scales, difficulty has been experienced in weighing them and damage resulted to such scales. Recommendation is made that these old type scales be replaced by the carriers with modern scales of

steel construction and rigid deck on concrete foundation, the specifications of the Bureau of Standards being observed, with the addition that scales be made up in not to exceed four sections, each section to have a capacity of not less than 150,000 pounds. The bridge or platform should not be less than fifty feet in length, and the scale should be provided with a type registering beam with capacity of not less than 300,000 pounds.

The necessity for improvement in the method of standardizing this test car is becoming increasingly apparent. At present this is done by using test weights carried in the car, selecting a new scale, if possible, standardizing it and then weighing the test car. The difficulties encountered in this procedure warrant the recommendation that a modern master scale be purchased and installed in the near future.

### **OPERATIONS OF STEAM AND ELECTRIC RAILROADS**

It is believed that the statutory requirement that the Commission shall set forth in its annual report "such facts, statements and explanations as will show the actual workings of the system of railroad transportation of the State, and its bearings upon the business and prosperity of the people" will be concisely met by the tabulations of statistics comprised in Appendix II, Part I, of this report. These data include average railroad mileage operated throughout the year, track mileage at end of year, and statistics of their operations during the year of each road reporting to the Commission, as well as a summary of each company's Income, Profit and Loss Account and Balance Sheet for the year, and statistics of revenue and freight tonnage of the several classes. Corresponding data have been presented for the years 1916 and 1917, for comparative purposes.

### **PUBLIC UTILITIES**

It was evident that as the needs of the Government for war purposes embraced an increasing proportion of the output of the industries of the country whose products were purchased largely by utilities, with consequent rise in price of the material so required by them, as well as the concurrent increase in wages, the operating expenses of various utilities of the State would soon reach that critical point where an advance in rates would become necessary in order to meet them. This meant, of course, the submission to the Commission of new rate schedules and a great many additional applications for authority to increase rates where such authority was necessary under the law. This tendency became apparent toward the end of the year, and devolved upon the limited force of the Commission investigations and duties of urgent nature that necessitated prompt conclusions to the end that continuity of service might be insured the public.

A summarization of the operations of the several classes of utilities of the State for the year 1917 appears in Appendix II, Part II hereof. For comparative purposes, the corresponding statistics for the preceding year have also been inserted.

### **UTILITY VALUATIONS**

In its Annual Report the Commission is required by law to set forth the value of all public utility property, used and useful for the convenience of the public, upon which a valuation has been placed in proceedings held by the Commission concerning rates, service and regulations.

Inasmuch as such valuations are comprised in the orders which are issued upon a basis of the evidence deduced in the various hearings wherein

an appraisal of the utility's property is a necessary precedent to the conclusions embraced in the orders, it is believed that this section of the statute will be literally complied with by the inclusion in Appendix I, of these various orders of the Commission during this eighteen months' period, or synopses thereof, in such manner as to leave them self-explanatory.

### TYPICAL CASES

Indicative of the scope of the activities of the Commission the following are inserted as among the more important cases disposed of in whole or in part during the period covered by this report.

F-506. Investigation by the Commission on its own motion of Oregon intrastate express rates on milk, cream and dairy products as assessed by the American Express Company. Public hearing was held and thorough investigation made of such rates assessed by the American Express Company as compared with rates maintained by other express companies. Order was entered by the Commission, setting forth reasonable rates to be imposed and collected by the express company and requiring the company to issue tariffs containing such rates as it might establish in compliance with the order.

F-534. On application of the Oregon-Washington Railroad & Navigation Company, the Commission allowed applicant to establish certain rates and minimum carload weights on plaster from Gypsum, Oregon, on a parity with competing plants at Tacoma, Washington, and Mound House, Nevada, such rates not to apply as maximum to intermediate points.

F-539. The Commission granted the application of the Southern Pacific Company for permission to establish certain rates and minimum carload weights on canned goods from Ashland and intermediate points to Portland and East Portland, such rates not to apply from Ashland and such intermediate points to intermediate points between Ashland and Portland or East Portland. This application was granted to allow Southern Oregon canneries to compete with California products, which move into Portland via water at a very low rate.

U-F-168. In response to complaint by the Tillamook County Mutual Telephone Company, a hearing and investigation was held, which resulted in an order by the Commission directing the Pacific Telephone & Telegraph Company to join with the complainant in providing the necessary plant and equipment to take care of all long distance traffic originating on or destined to stations on the lines of the Tillamook Company without the corporate limits of the city of Tillamook, and thereafter to interchange such traffic without discrimination and without restraint.

U-F-47. Investigation on the Commission's own motion of electric lighting, heating and power rates of the Portland Railway, Light & Power Company, and valuation of the properties of the company for the purpose of determining the reasonableness of the rates. The Portland Railway, Light & Power Company serves sixteen cities and towns in this State with light, power and heat and furnishes city and suburban street car and electric railway facilities in the city of Portland and adjoining territory. Its operations also extend across the Columbia River into the State of Washington. It is the largest public utility from the standpoint of investment in property rendering diversified service in this State. Preliminary findings of fact in the matter of the valuation of the company's properties were issued under date of May 31, 1916. A rehearing was granted upon the

petition of the company for the consideration of additional evidence. Final findings of value were issued April 30, 1917, showing the value of the utility property of the Portland Railway, Light & Power Company for rate making purposes, plus the value of the nonutility property determined on the same basis, was, on December 31, 1916, the sum of \$55,307,474.19. Of this amount, \$8,444,502.27 represents nonutility property, leaving a total valuation of the property used and useful in the service of the public of \$46,862,971.92. That brought the investigation to a point where the reasonableness of the rates could be directly considered with respect to whether or not the total revenue produced by the rates was fair or excessive and as to whether or not the various rate schedules were reasonable and not unjustly discriminatory. Investigation of the rates charged by the company for electric service resulted in two orders, one issued on the 19th day of May, 1917, and the other on the 9th day of June, 1917, in which adjustments were made in charges for residential and commercial lighting and general power service.

U-F-27, 97, 99 and 150. These four cases involved the fixing by the Commission of just, reasonable and not unjustly discriminatory rates, rules and regulations in connection with the utility operations of the California-Oregon Power Company, covering the entire system of the utility in the State of Oregon, and differing only in the territory involved. Owing to the close relation between them and for convenience in hearing, these cases were consolidated and a single order issued covering jointly all the elements involved. This company occupies and furnishes with general electric light and power service territory in Southern Oregon, including Josephine, Jackson, Douglas and Klamath Counties, and extending into Northern California. It also serves the city of Klamath Falls with water for domestic, commercial and municipal purposes and maintains a small pumping system at its Gold Ray plant by means of which water is furnished for irrigation purposes in that vicinity. All generating stations are connected in parallel by high tension transmission lines which reach main substations and distribution systems. Public hearings were held at Salem, Grants Pass, Medford and Klamath Falls, and investigation made of the value of the properties owned by the company in determining the reasonableness of the rates. After a full consideration of the entire record before it, the Commission determined the value for rate making purposes of the utility property of the California-Oregon Power Company, in Oregon, actually used and useful for the convenience of the public, and including a due allowance for working capital, and stores and supplies, was on December 31, 1916, \$2,717,174.00. Reasonable rates for all classes of service afforded by the company were prescribed and the company directed to carry as a part of its accounts of depreciation reserve and carry therein such allowances found by the Commission to be reasonable and necessary and all moneys available for such purposes to be set aside in a reserve fund and expended only as contemplated by law.

U-F-165. This was a case brought by water users and land owners, seeking a reduction in the annual charge which they were assessed as a "maintenance fee" in connection with the irrigation system of The J. F. Luse Company, who supply water for irrigation and domestic purposes. Several hearings were held, and, owing to the nature of the case, the testimony covered a wide range and the Commission spent much time in inspecting the irrigation project. The Attorney-General was requested by the Commission to enter an opinion as to the question of the jurisdiction of the

Commission, and he advised that the J. F. Luse Company is a public utility and subject to the jurisdiction of the Commission. The scene of operations of the company is in the Sutherlin Valley, Douglas County, Oregon. Investigation disclosed that there are 2,194.59 acres of land under this project owned by individuals entitled to water. Of this amount, 1,960.95 acres were charged a maintenance fee of \$3.50 per acre, the balance receiving the services of this company at \$2.50 per acre. In addition to this amount, the company itself owned some 1,469 acres on which no maintenance charge was ever assessed or paid. This the Commission pointed out as an unjust discrimination, and order was entered directing the company to make as a maximum annual charge for the services rendered by it in connection with its irrigation system \$1.00 per acre, applicable to each and every acre of land under the system and served thereby. It was further ordered that a depreciation fund of \$1,250.00 per annum be set aside and accounted for and expended in the manner indicated. Appeal has been taken from this Order to the Circuit Court of Douglas County, where it is now pending.

U-F-192. Investigation of the matter of free service to new subscribers as offered by the Home Telephone & Telegraph Company of Portland, Oregon. Rate schedule was filed with the Commission by Oswald West, Receiver of the Home Telephone & Telegraph Company, providing a rate to subscribers of residence telephones of \$2.25 per month, and further providing that charge for service would not be begun until three months from date of installation. Hearing was held at Portland to determine the lawfulness of such free service to new subscribers. It was admitted at the hearing by the company that it is a public utility as defined by the Public Utility Act and that the Commission had jurisdiction of the matter. In its Order entered August 4, 1917, the Commission condemned the giving of free service for three months, or any other length of time at a reduced rate, to new subscribers as giving an undue and unreasonable preference and advantage to the new subscribers over the old ones and as violating both the letter and spirit of the Public Utility Act.

U-F-174. Representing that its revenues from the ownership and operation of a system devoted to delivering and furnishing water for irrigation under its present rates are inadequate, the Squaw Creek Irrigation Company filed application for an increase in its rates from 35 cents to 60 cents per acre-foot. Shortly thereafter an amended application was filed, seeking an increase of \$1.00 per acre-foot instead of the 60 cent rate originally asked for. Answer and cross complaint was filed by the water users, denying the allegations of the application and alleging that the rates were excessive and unjust and that the service rendered by the irrigation company was inadequate and discriminatory. Valuation of the company's property was submitted by the utility, together with other information deemed essential by the Commission for a proper determination of the case. The value of the property of the company used and useful in the service was found to be on May 1, 1917, the sum of \$46,058.00. There are approximately 7,700 acres in this project subject to irrigation, and the economic duty of water in this district was found to be about two acre-feet per year. Basing the rate to be charged on the value of the service to the water user, the Commission found a rate of 60 cents per acre-foot per year for water to be reasonable and just under the circumstances. The Company was also directed to set aside a sum for depreciation contingencies, amounting to \$400.00 per annum.

**U-F-117.** A general investigation was undertaken by the Commission on its own motion of the rates, charges and regulations of the Pacific Telephone & Telegraph Company. This involved the valuation of all properties of the company in Oregon, and a general adjustment of exchange and long distance toll rates and service in practically every city and town in the State. Due to the destruction of its records by fire, it was impossible to ascertain either the original cost of the property of the company as at the time it was put into service or as to the cost to the present investors. The Commission, from a full consideration of the entire record, determined the value for rate making purposes of the utility property of the company actually used and useful in the service of the public, and including a due allowance for working capital, stores and supplies, to be on December 31, 1916, the sum of \$12,429,509.00. The investigation of the rates of the company is still pending and orders will be issued at a later date, covering the rates charged by the company for all classes of service.

**F-439.** This was a case involving a certain rule providing minimum charges on articles too long or too bulky to be loaded through the side door of cars. The classification provided as follows:

Unless otherwise provided, a shipment containing articles the dimensions of which do not permit loading through the center side doorway, 6 feet wide by 7 feet 6 inches high, without the use of end door or window in a closed car not more than 36 feet in length by 8 feet 6 inches wide and 8 feet high, shall be charged at actual weight and authorized rating, subject to a minimum charge of 4,000 pounds at the first-class rate for the entire shipment.

The Interstate Commerce Commission had an investigation and ordered the rule to read:

Unless a lower rate is otherwise provided, a shipment which contains an article exceeding 22 feet in length and not exceeding 12 inches in diameter or other dimension shall be charged at actual weight and authorized rating, subject to a minimum charge of 1,000 pounds at the first-class rate for the entire shipment.

Investigation by the Public Service Commission of Oregon found that the rule was not adaptable to the State of Oregon and the following rule was put in by the Commission, applicable to intrastate commerce:

Unless otherwise provided, a shipment containing articles the dimensions of which do not permit loading through the center side doorway, 5 feet 5½ inches wide by 7 feet 5½ inches high, without the use of end door or window in a closed car not more than 40 feet in length by 8 feet 7 inches wide and 7 feet 10 inches high, all inside measurements, shall be charged at actual weight and authorized rating, subject to a minimum charge of 4,000 pounds at the first-class rate for the entire shipment.

Unless a lower rate is otherwise provided, a shipment which contains an article exceeding 24 feet in length and not exceeding 12 inches in diameter or other dimension, shall be charged at actual weight and authorized rating, subject to a minimum charge of 1,000 pounds at first-class rate for the entire shipment, except when the shipment does not exceed 250 pounds in weight the minimum shall be based on 500 pounds at the first-class rate.

To give some idea of the work entailed in handling reparation cases, an illustration or two will be illuminating:

**Case No. R-2562.**—On July 29, 1916, a shipment of household goods was made from a point in Oregon to a point in Montana. The shipper wished his goods to go through in a car without transfer, so paid what the agent quoted, viz: for a carload minimum of 20,000 pounds, though the shipment actually weighed 2,665 pounds. At some point en route this shipment was transferred and arrived at destination as a less carload shipment and in a damaged condition. This is in addition to difference in freight charges amounting to \$35.10 which was paid to the originating line. The shipper filed claim for \$89.10, being \$54.00 for damages and \$35.10 overcharge

Subsequently he returned to Oregon, as most all do, and on May 29, 1917, the claimant appealed to this Commission for assistance in getting his claim settled, as he could "get nowhere," being met with the usual stereotyped replies. The statute imposes upon this Commission the duty of investigating claims against railroads for loss or damage and for overcharge if not acted upon within 90 days, so we at once commenced correspondence with the railroads at both ends. In December, 1917, we secured payment for the full amount, a remarkably quick record, compared with some others. We have one which took four years. But in this case it will be noted that the much-mooted question of declared valuation was not involved.

**Case R-2186.**—On March 8, 1915, a foreigner, unable to speak English, shipped from Kennedy, Sask. (Canada), to Brogan, Oregon, a carload of emigrant moveables, prepaying freight in the sum of \$103.20; at destination \$96.32 additional was collected. The foreigner supposed he had prepaid through so thought he was being robbed and through an interpreter, stated his case to an attorney, who submitted the case to this Commission. By examination of our tariff file we ascertained that freight had been assessed on the sums of local rates, Kennedy to Kingsgate, on the border, Kingsgate to Spokane, Spokane to Brogan. We got in touch, by correspondence, with the officials of the Canadian Pacific Railway, who advised us that the shipper was unable to make this agent understand to what point of destination he wanted to forward the shipment, so he rated it locally to Kingsgate; at this point, it was asserted, he took delivery, remained there a few days, then reshipped to Spokane. Under the regulations of the Board of Railway Commissioners for Canada and the Interstate Commerce Commission, it was asserted, he could not, in these circumstances, get advantage of any through rate.

Following out the policy of this Commission to sift every case until all the facts were obtained, we corresponded further with the officials of four different railroads, procured an affidavit from the claimant, who was located 40 miles from the railroad, to the effect that he had purchased a ranch in Malheur County, to which point he was destined when he started from Kennedy.

In view of these facts we finally secured an agreement from the interested railroads to consider this a through shipment and give it the benefit of the lowest legal combination of rates, there being no through rates published. This figured out an overcharge of \$18.54, which was paid to the complainant in June, 1916, a little over a year.

**Case No. R-1399.**—This is one of the most interesting cases we have handled; overcharges on account of misrouting and omission of declared valuation were involved. It was necessary to avoid violation of the Interstate Commerce Act and rulings of the Interstate Commerce Commission.

Shipper was located at Gilman, Montana, and wished to move his effects to Cove, Oregon. He inquired of the railroad agent what it would cost to move him and was told it would take a week to find out. The agent finally told the shipper it would cost him \$360.00, which he paid. There was a through published rate applicable at the time of 84 cents per 100 pounds, minimum 20,000 pounds, which amounts to \$168.00, where value was declared not to exceed \$10.00 per 100 pounds. This rate was only good via Spokane. This incompetent or careless agent routed the car via Helena and Butte. He made the released valuation notation on the way bill



but not on the bill of lading. So under the Interstate Commerce Law and ruling of the I. C. C., which we quote: "Where a shipper signs a bill of lading containing routing instructions that have been inserted therein by the agent of the carrier, he thereby ratifies such instructions and the carrier is bound to send the shipment in accordance with the routing indicated. It does not appear, therefore, that the carrier can be held liable in this case." The actual legal rate was \$1.30 or Class A rate, Gilman to Helena plus Class A rate Helena to Union Junction, local rate thence to Cove.

The agent at Gilman made out the bill of lading route via Helena and made no declared valuation notation. The shipper was not aware that by signing this he was agreeing to pay a higher rate, nor was the agent, who was subsequently discharged for irregularities, aware of how this shipper would be penalized. It was through the work of this Commission first to show that shipment was misrouted and to have the initial line acknowledge it before they could legally make refund; also that the declared valuation clause was erroneously omitted.

The railroads were ready and anxious to rectify any error, but the law, always bearing in mind that its purpose is to prevent frauds, unjust discrimination and preferential rebates, held them up so that they could not do a thing. The result was that this settler, after the lapse of a year, received from separate refunds, viz: \$83.20, \$28.00, \$24.00 and \$40.00.

It may be asserted that none of the above would have been made but for the efforts of this Commission. The law is inexorable and excuses no one for ignorance of its provision; therefore these people must have paid the penalty, the railroads being within their rights.

### LITIGATION

There are now six cases pending in the courts.

The Albany physical connection case is still pending in the United States District Court. This case involves the connection of the tracks of the Southern Pacific Company with those of the Oregon Electric Railway Company at Albany.

Appeal was taken by Southern Pacific Company from Order of the Commission in the matter of the appropriation by Willamette Pacific Railroad Company of County Road No. 65, known as the Mapleton-Acme Road, in Lane County, Oregon. The Order of the Commission was sustained by the Circuit Court for Lane County and appeal has been made by the Southern Pacific Company to the Supreme Court, where the case is now pending.

The following synopses of Court decisions handed down, or of cases pending during the year, arising out of exercise of the Commission's jurisdiction, are self-explanatory:

#### H. V. Gates v. Railroad Commission et al.

The Public Service Commission held that H. V. Gates was a public utility within the meaning of the Public Utility Act and lowered the rates to be charged the users of water in the City of Dallas. The order of the Commission was upheld in the lower Court, but on appeal the decision of the lower Court was reversed, the Supreme Court holding that the water plant was owned by the city of Dallas and was not subject to the jurisdiction of the Commission.

Decision of the Supreme Court was rendered on October 3, 1917, and on November 27, 1917, the former decision of the Supreme Court was modified, insofar as to dismiss the suit as to the city of Dallas.

**DePauw University v. Public Service Commission.**

Petition was filed with the Public Service Commission to have the J. F. Luse Company, an irrigation corporation, declared a public utility and to have the rates of the company for irrigation and domestic purposes reduced. After hearing, the Commission found the J. F. Luse Company to be a public service corporation and reduced the rates. The DePauw University and other owners of the bonds of the J. F. Luse Company brought proceedings in the Federal Court to have the order declared void, contending that the J. F. Luse Company was not a public service corporation. Still pending.

**J. F. Luse Company v. Public Service Commission.**

This suit was brought in the Circuit Court of Douglas County to set aside an order of the Public Service Commission finding that the J. F. Luse Company was a public service corporation, and fixing the rates to be charged by it. Complaint was filed by J. F. Luse Company and the case is now pending on demurrer to the complaint, awaiting the outcome of the DePauw University case.

**Southern Pacific Company v. Public Service Commission.**

This suit was brought to enjoin the Commission from enforcing its order requiring the Southern Pacific Company and the Oregon Electric Company to make physical connection of their tracks in Albany. The case was argued and submitted on briefs December 31, 1917, and is now pending.

**Public Service Commission of Washington v. Alabama & Vicksburg Railroad et al., Defendants, and Public Service Commission of Oregon, et al., Interveners.**

This proceeding was brought by Public Service Commission of Washington to procure for the Pacific Northwest the same rates on circuitous round-trip fares from Chicago and East thereof as are now enjoyed by Southern California. In 1916 the Interstate Commerce Commission, in an order, granted to the Pacific Northwest a portion of the relief asked. Thereafter a rehearing was granted and the case is still pending.

**LOG BOOM ACT**

Under this Act, approved by the Governor February 13, 1917, all corporations heretofore or hereafter organized for the purpose of driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products, are under the jurisdiction of the Public Service Commission, and the responsibility is vested in this Commission of declaring and regulating the powers, rights and duties of all present and future organizations of this class.

During the remainder of the year 1917, fourteen applications were received for franchises under the provisions of this Act, of which two were granted, several were dismissed for certain reasons, and the remainder were on the docket for later consideration at the end of the year.

**GRAIN INSPECTION DEPARTMENT**

This department was organized under the provisions of Chapter 333, of the General Laws for 1917, approved by the Governor February 19, 1917. It carried an initial appropriation of \$7,500.00 and vested jurisdiction in the Public Service Commission of Oregon.

The Act was framed after a law found to be beneficial in practice in the State of Washington, but is somewhat broader in scope. It adopts for standard all the standard grades of grain and hay now recognized or to be hereafter adopted by the United States Federal Grain Supervision Bureau. Five other States maintain Grain Inspection Departments, in addition to those supported by Boards of Trade and Commercial Clubs in the large cities of at least nine other States.

In addition to its jurisdiction over the handling, weighing, inspecting and storage of grain and hay, and the management of public and terminal warehouses, the Commission may, by resolution, exercise similar jurisdiction, upon request of any interested party, over such other products as rice, beans and other like articles, fertilizers, chemicals, and certain other commodities.

A hearing was promptly called by the Commission, in collaboration with the Public Service Commission of Washington, and a Grain Committee composed of the Grain Supervisor of the U. S. Department of Agriculture, the Grain Inspectors of Oregon and Washington, a Professor of Farm Crops Department of Oregon Agricultural College, and certain representatives of the elevators and grain dealers interested, for the formulation of rules and standards. Hearings were held in Portland, Seattle, Spokane, Walla Walla and Pendleton, which were well attended by farmers and grain dealers alike, and expression obtained from all sources which enabled the promulgation of grain and hay standards and laws, rules and regulations governing warehouses, weighing and inspection, and which rules and regulations were adopted by the two States.

On May 21, Charles E. Porter, of Baker, was appointed Chief Inspector and J. W. Church was appointed Registrar and Chief Clerk, with offices on the seventh floor of the Multnomah County Courthouse, Portland. Requisite equipment for performing the duties of the department was acquired and installed.

All warehouses in the State were bonded and licensed, to the number of 380. A fee of \$2.00 was collected for each license, and bonds were written and filed with the Secretary of State in the amount of \$1,000.00 for each 50,000 bushels or fraction thereof of capacity.

Portland and Astoria were named as inspection points. It is imperative that Pendleton should also be an inspection point, particularly when conditions of competitive bidding are resumed after cessation of control by the U. S. Food Administration, but the initial appropriation of \$7,500.00 was not sufficient to provide funds for equipping and maintaining an office and inspection force there.

The department works in harmony with the Washington State Grain Inspection Department, and has been of considerable assistance to the U. S. Food Administration Grain Corporation. The inspection fees are perhaps too small, and, while the department was self-sustaining up till November 1, when an embargo was placed on shipping into the Port of Portland, its revenue diminished to such an extent as to render its continuance doubtful, and it became necessary for the State Emergency Board to grant relief in the sum of \$5,000.00 on the assurance of the Federal Bureau, Port of Portland, millers, dealers, growers and other interests, of the importance of continuing the work. With the resumption of shipping, however, receipts increased so speedily as to leave the Emergency Fund practically untouched at the end of the year.

With a heavy grain crop predicted in the Pacific Northwest for 1918 and the considerable increase in elevator capacity projected, both at Portland and Astoria, indications point to heavy coast shipments in 1918, with corresponding activity on the part of this department to keep pace with the demands that will be made upon it. The importance to the consuming public, the growers, dealers, millers, and others interested, of stabilizing the standards of quality and measurements of these products, and preventing fraud and other forms of deception, is beyond question.

Comparative figures of wheat and flour shipped from the Columbia River District for 1915-16-17 are as follows:

1915-16—13,809,677 bu. wheat valued at.....	\$14,612,040.00
1916-17— 5,177,091 bu. wheat valued at.....	11,159,928.00

With greater availability of ships at these ports, the 1918 figures are expected to greatly exceed those quantities.

During the remainder of the year 1917, the State Grain Department inspected and graded 4,944 cars of grain, 10 cars of hay and 33 boatloads of grain and hay.

In addition to the preceding service, the department contemplates establishing grades of potatoes, and being prepared to grade and weigh such other commodities coming into these ports as copra, oil, flax, meat, etc., when called upon by consignor or consignee.

In spite of the first year's difficulties, the future prospects lend promise of great usefulness and benefit to the public on the part of this department.

Respectfully submitted at Salem, Oregon, this 31st day of December, 1918.

PUBLIC SERVICE COMMISSION OF OREGON,

By: Frank J. Miller, Chairman.

Hylen H. Corey, Commissioner.

Fred G. Buchtel, Commissioner.

Attest: Ed Wright, Secretary.



## **APPENDIX I**

### **SUMMARY OF PROCEEDINGS HAD ON FORMAL COMPLAINT BEFORE THE COMMISSION AGAINST RAILROADS AND PUBLIC UTILITIES**

**NOTE.—IN THE MAJORITY OF THESE CASES THE MOST ESSENTIAL PORTIONS ONLY OF THE ORDERS HAVE BEEN INSERTED IN THIS REPORT.**

## APPENDIX I

## FORMAL COMPLAINTS AGAINST RAILROADS AND UTILITIES

In the matter of the investigation of Oregon intrastate express rates on milk, cream and dairy products as assessed by the AMERICAN EXPRESS COMPANY. (Investigation on Commission's own motion.) } No. F-506

(ORDER ENTERED DECEMBER 18, 1916—P. S. C. ORDER NO. 153.)

This order embraced a revision of the rates and tariff provisions of the above company then in force in Oregon, effective February 1, 1917.

In the matter of the application of OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY for permission to establish a rate of ten cents per hundred pounds on plaster, carloads, minimum weight 80,000 pounds, from Gypsum, Oregon, to terminals at Portland, Oregon. } No. F-534

(ORDER ENTERED JANUARY 19, 1917—P. S. C. ORDER NO. 161)

\* \* \* The Pacific Lime & Gypsum Company is the owner of and operates a large plant for the manufacture of plaster at Gypsum, Oregon, a station on the Homestead branch of the applicant company. Owing to adverse operating conditions and active competition, the operations of this plant have not been a financial success, and unless it is able to find a market which will justify an increased output it will be necessary to discontinue the operations of this industry.

\* \* \* Deposits of gypsum, which is the mineral from which plaster is manufactured, are not available in commercial quantities generally throughout this section of the country. The record discloses that the deposit at Gypsum is the only deposit in the State of Oregon known to the manufacturers of plaster which is large enough to justify the installation of a plant for its manufacture. A large investment has been made at this point for this purpose, and it is apparent that under present conditions continued operations will be impossible. The closing down of this plant would detract much from the industrial prosperity of the state, and another of Oregon's many resources would remain dormant. The continued operation of this plant means much to Eastern Oregon and to the state as a whole, as well as to the railroad which serves this industry.

The Commission finds that the record before it shows sufficient cause for the deviation from the mandate of law that no rate shall be charged which will result in the collection of a greater sum for a shorter than for a longer haul over the same line; and it is, therefore,

ORDERED, CONSIDERED AND DETERMINED, That the Oregon-Washington Railroad & Navigation Company be and it hereby is authorized to publish, and, upon the filing thereof as provided by law, impose and collect a rate of ten cents per hundred pounds on plaster in straight carloads, minimum weight 80,000 pounds, from Gypsum, Oregon, to terminals at Portland, Oregon, such rate not to apply as a maximum to intermediate points. \* \* \*

CITY OF CANYON CITY, a municipal corporation, and CITY OF JOHN DAY, a municipal corporation, Plaintiffs, }  
v. } No. U-F-175.  
CONSOLIDATED ELECTRIC LIGHT COMPANY, a corporation, Defendant.

(ORDER ENTERED FEBRUARY 10, 1917—P. S. C. ORDER NO. 166)

Alleging that the rates of the Consolidated Electric Light Company were unreasonable, unjust and unjustly discriminatory, and that its service was

unreliable and unsatisfactory, the municipal corporations of John Day and Canyon City, through appropriate action of their respective city councils, have brought this proceeding.

**Appearances:**

For Plaintiffs: Otis Patterson, their attorney.

For Defendant: Errett Hicks, its attorney.

Promptly after the service of the complaint upon it, the defendant filed its answer, and the case being at issue, the Commission held public hearings at Canyon City on November 8 and December 21, 1916, at which time and place testimony was offered and proofs received. The matter, having been fully submitted, now stands ready for decision.

The Consolidated Electric Light Company, a corporation of the State of Oregon is the owner of and operates, manages and controls a plant and equipment by means of which electric service is afforded in John Day and Canyon City, municipal corporations situated approximately two miles apart, in Grant County, Oregon; and is a public utility as the same is defined by Chapter 279 of the General Laws of Oregon for the year 1911. At the time of the final hearing the company had 77 residence and 36 commercial lighting customers, a total of 113 in the two towns. It had no power load.

While the complaint covered the matter of service as well as rates, the major part of the testimony and practically all of the contention centered around the latter feature.

The questions at issue involved a valuation of the property of the defendant company used and useful in the service of the public as a public utility, and an investigation was made by the Commission under the provisions of Laws of 1911, Chapter 279, Sections 9 and 10, for the determination of the value of the defendant's plant. This investigation was carried on as a part of the investigation upon the complaint. To assist the Commission in its determination of this value, a reproduction cost new estimate, together with the accrued depreciation, and the reproduction cost less depreciation, was made of the utility's plant by a member of the Commission's engineering staff. This estimate was offered and received in evidence, and is a part of the record in this case.

The Consolidated Electric Light Company was organized in 1904 with a capital stock of \$10,000.00. No books of account or corporate records covering the early history or present operations of this corporation are available, and the only information which could be obtained in this regard was through an officer of the company, whose connection with this utility dates back only to the year 1909. Owing to this condition it is impossible to determine the actual investment which has been made by the present stockholders to secure control of this corporation and to build up the physical plant to its present condition. Neither are figures available as to the original cost to the initial stockholders, nor the results of the early operations of the plant. No bonds have been issued, but the company has an indebtedness of about \$9,000.00, evidenced by notes and accounts payable.

The operating property as it existed prior to September 1, 1916, consisted of a hydraulic generating system, with a steam plant (later replaced by an oil engine) for standby service, and the necessary transmission, transformation and distribution equipment. On September 1, 1916, this company entered into a contract with the Prairie Power Company, which, insofar as it has a material bearing upon this inquiry, may be briefly summarized as follows:

1. The Prairie Power Company agrees to furnish and deliver for a period of ten years electrical energy to the amount of 80 horsepower, but no more, the delivery to be made from the outgoing switch terminals at the selling company's substation at Long Gulch.
2. The energy furnished is to be normally 2,250 volt, 60 cycle, alternating current with a maximum variation, except for momentary fluctuations, of 5 per cent above or below either normal voltage or frequency.
3. The selling company agrees to install more effective regulating devices if the maximum variation is exceeded.
4. The consumer agrees to pay for all energy used by it during each month, as measured at the point of delivery, as follows:

First 5,000 kilowatt hours used .....	3 cents per k. w. h.
Next 5,000 kilowatt hours used .....	2½ cents per k. w. h.
All over 10,000 kilowatt hours used .....	1½ cents per k. w. h.

with a minimum monthly charge of \$150.00.



5. The minimum charge is to be reduced in proportion to the elapsed time of any interruption occurring for any reason other than the inability or refusal of the customer to take the service.

6. The consumer agrees to pay 3 cents per kilowatt hour and no less for all energy used if its service is extended outside the present limits of the cities of Canyon City and John Day without written permission from the Prairie Power Company.

7. The Prairie Power Company agrees to sell all energy used by the consumer at 1 cent, and no more, per kilowatt hour if it shall, without the written permission of the consumer, extend service, for any purpose other than gold dredging, within the corporate limits of either city.

8. The Prairie Power Company shall be relieved of its obligations to furnish energy in case of destruction by fire, floods, lightning, or other acts of God, except that it must reduce the minimum charge in proportion to the elapsed time of the interruption.

Under the plan of operation inaugurated upon the connecting of the two systems under this agreement, the entire production equipment of the defendant became idle insofar as utility operations are concerned, and is valuable for such purpose only as a standby plant.

On December 9, 1916, subsequent to the initial hearing in this proceeding, the hydraulic power owned by the company was leased for a period of five years from January 1, 1917, to private parties for use in connection with a manufacturing industry. Under the terms of this agreement the utility is privileged to substitute electric for water power should it become necessary to again utilize this source of power for the generation of electricity.

It is contended by the defendant that under these contracts it should be allowed the full value of both its hydraulic system and oil engine equipment upon the theory that the use of the current generated by the Prairie Power Company is optional, and should such use prove unsatisfactory it would be compelled to resort to the use of its own generating plant to furnish the service it is obligated to supply, in which event it would be necessary that both of these sources of power be available. In this connection it is urged that the contracts are so drawn as to protect the utility fully should this action be deemed necessary or advisable.

An acceptance of this theory would mean the approval of two separate and distinct standby services for one plant. Even if it should become advisable for the utility to generate its own current, that of the Prairie Power Company would still be available and certainly would fill all the requirements for a standby service.

The hydraulic power has, conditionally, at least, been withdrawn from the public service and devoted to a private use. However, regardless of this action, as long as the present plan of operation continues, we can see no reason for the use of this waterpower in connection with the public utility operations, and it must be classed as nonutility property. The present production equipment, or its equivalent in capacity, other than the hydraulic power system, is necessary as a standby plant to insure the continuous and satisfactory operation of the utility.

It is not possible from the records of the defendant to discover or compute the amount of money expended over and above the bare investment in the physical plant in developing the business of the defendant into a going concern. That such expenditures have been made is a matter of fact which is now so found, and which has been taken into consideration as an element in fixing the value of this plant.

To reproduce the physical plant, used and useful in the service of the public, in normal new and usable condition, including material and supplies and working capital would have required on November 1, 1916, the expenditure of approximately \$11,828.00. Due to age and use the value of such property has been reduced below that of a normal, new system \$3,090.00, and the reproduction cost, lessened by this accrued depreciation was \$8,738.00 on such date.

Upon a full consideration of the foregoing in connection with the entire record before it, the Commission determines \$9,636.00 to be the value for rate making purposes of the physical plant of this utility, with its business attached, and all considered as a going concern.

The law requires that a depreciation fund shall be prescribed by the Commission in each rate case. After a consideration of ordinary and contingent operating conditions, it is found that a depreciation allowance of \$788.17 per year is necessary to provide sufficient funds to replace each unit of equipment at the end of its serviceable life. Consideration will be given for such allowance in this

case, and the specified amount shall be set aside, carried in a depreciation reserve, and such money as may be available for this reserve, before the declaration of any dividends, shall be carried in the depreciation reserve fund, and be expended in the manner contemplated by Section 17 of Chapter 279 of the General Laws of Oregon for the year 1911, and for no other purpose, and shall be accounted for in the manner prescribed by the Commission's uniform classification of accounts.

The present rates filed with the Commission by this utility, and which are now being imposed and collected by it, are as follows:

**Flat Rate:**

\$1.00 for first and 75 cents for each additional 16 candlepower light (carbon lamps.)

**Meter Rate:**

20 cents per kilowatt hour.

**Minimum Rates:**

For dwelling house, \$1.75 per month.

For business house, \$2.50 per month.

The only available data concerning the operations of this company consist of a statement of its bank account, its canceled checks, and the duplicates of bills it has rendered for service performed. An unsorted mass of receipted bills, quotations, invoices, etc., covering a period of several years, constitutes the only other available record information regarding this company. Owing to this condition, an accurate audit was impossible. However, from the information available, the earnings and expenses under present rates, for a normal twelve-month period, giving due consideration to the recent change in plan of operation, have been estimated as follows:

#### OPERATING EXPENSES

Purchase of power .....	\$1,800.00
Operator's salary .....	900.00
Other operation and maintenance expenses .....	300.00
Depreciation allowance .....	577.17
<b>Total .....</b>	<b>\$3,577.17</b>

The above estimate does not include taxes.

#### OPERATING REVENUES

Actual revenues from sale of current, as shown by company records:

July, 1916 .....	\$ 269.60
August, (one-half month only) .....	138.40
September .....	302.95
October .....	364.00
November .....	457.00
<b>Total .....</b>	<b>\$1,531.95</b>

Estimated twelve months' normal revenue from present business, under existing rates based on above actual receipts, \$4,150.00.

Much testimony was produced by the plaintiffs bearing on the value of the service to the patrons of this company and their ability to pay. Electricity in the district served by this utility is in active competition with gasoline and oil, and the use of such lighting systems, especially in the business houses, is not uncommon. The town of Canyon City has for the past two or three years maintained a street lighting system of gasoline lamps. Testimony was also introduced tending to show that some power load could be developed and the use of domestic appliances materially increased by the installation of a rate which would permit, with reasonable economy, the use of electric energy for such purposes.

The present rates of this utility do not produce an excessive return. On the contrary, over and above reasonable operating expenses and taxes, the utility is not receiving even a fair rate of interest on its investment in property devoted to the public use. The Commission is of the opinion that this is due, at least in part, to the present rates, because they exceed the value of the service, and are not such as to encourage the greater use of electrical energy, or produce the maximum revenue which might be derived from the operation of this property. This conclusion is fully supported by the record.

After a careful consideration of the foregoing elements, in connection with all others disclosed by the record before it, the Commission finds that the present rates of this defendant are unjust, unreasonable and unjustly discriminatory.

The Commission believes the following rates will encourage additional use of electric energy, and within a reasonable time will yield a greater return upon the fair value of the property used and useful in serving the public than could ever be earned under the present schedule maintained by the company. They compare favorably with the rates charged generally throughout the State of Oregon, when due allowance has been made for the difference, if any, in conditions, and are just, reasonable and not unjustly discriminatory:

**Domestic Rate:**

Minimum monthly charge .....	\$1.40
First 7 k. w. h. per month .....	Minimum charge
Next 10 k. w. h. per month .....	15 cents per k. w. h.
Next 23 k. w. h. per month .....	10 cents per k. w. h.
All over 40 k. w. h. per month .....	7 cents per k. w. h.

**Commercial Rate:**

First 15 k. w. h. per k. w. connected.....	20 cents per k. w. h.
Next 20 k. w. h. per k. w. connected.....	15 cents per k. w. h.
Next 45 k. w. h. per k. w. connected.....	10 cents per k. w. h.
All over 80 k. w. h. per k. w. connected.....	7 cents per k. w. h.

No connected load considered less than 500 watts.

**Minimum monthly charge:**

First 500 watts of connected load.....	\$1.40
For excess over 500 watts of connected load, per k. w. ....	\$1.00

It will be noted that while the tariff now in effect carries a flat rate, the schedule here set forth as reasonable, just and not unjustly discriminatory, makes no such provision. This is due to the fact the utility now has on hand the necessary supplies and has announced its intention of placing all of its patrons on a metered basis. Before this order becomes effective the need for a flat rate schedule will have been eliminated.

The fixing of a rate for purely municipal purposes is without the jurisdiction of the Commission, in the absence of a voluntary submission of the question by the interested parties, the matter being left by statute to the mutual agreement of the city and the utility.

However, the furnishing of municipal service has a direct bearing on the operations of the utility and considerable testimony with reference thereto was allowed to go into the record. The town of John Day is now lighted electrically, but, as before stated, Canyon City utilized gasoline lamps for street lighting purposes. Formerly the electric current of this company was used for this purpose, but unsatisfactory service and what were deemed excessive rates led to its discontinuance. From the record it would appear that the differences between the municipal authorities and the utility are not such as are incapable of being reconciled, and in the interest of both the town and the utility, the Commission earnestly recommends that they arrive at an agreement. The benefits to be derived, we believe, would be mutual and would fully compensate for any reasonable action which might be taken.

The major complaints as to the service were due to frequent and unduly long interruptions. These interruptions have been largely overcome by the change in plan of operation, as before set forth, and this feature need receive no further consideration. The only remaining complaint which is of any consequence is regarding the fluctuation of voltage. This fluctuation is due to the operation of a gold mining dredge which is served by the Prairie Power Company from the same transmission line which delivers current to this defendant. The Commission's electrical engineer has conferred with officers of the utility relative to the remedying of this condition, and in view of their attitude, the Commission is content to leave this matter for the present to be solved by the company. If a proper remedy is not applied within a reasonable time, the Commission will, of course, upon complaint, take further action.

A reasonable time for this order to take effect is March 1, 1917.

Based on the foregoing finding, it is ORDERED, CONSIDERED and DETERMINED that the defendant, Consolidated Electric Light Company, shall, on or before March 1, 1917, cease and desist from the violations of law hereinbefore set forth and shall substitute and thereafter impose, charge and collect in lieu of those hereinbefore condemned, the just, reasonable and not unjustly discriminatory rates herein set forth.

IT IS FURTHER ORDERED that the defendant shall set up as a part of its accounts the depreciation reserve herein found to be reasonable and necessary, and for which an allowance was made, which reserve, insofar as possible, shall be set aside and carried in a depreciation fund and shall be expended as contemplated by law, and not otherwise, and shall be accounted for in the manner prescribed by the Commission's uniform classification of accounts.

Prior to the effective date of this order, the defendant shall publish and file in the manner provided by law and the rules of this Commission a tariff, or a supplement to its present tariff, setting forth the rates herein prescribed, and shall thereafter do all matters and things reasonably necessary for the carrying out of the intent and spirit of this order.

The Commission desires at this time to formally call to the attention of this defendant utility that its failure to keep a set of books of account in conformity with the Commission's uniform classification of accounts is in direct violation of law, and to give notice that the Commission will insist upon immediate action being taken to remedy this situation.

In the Matter of the application of J. S. WHITAKER to require the OREGON POWER COMPANY, operating the property of the Northern Idaho & Montana Power Company, in the State of Oregon, to install certain electrical service. } No. U-F-182

(ORDER ENTERED FEBRUARY 10, 1917.—P. S. C. ORDER NO. 167)

There came before us on this 10th day of February, 1917, the petition of said J. S. Whitaker, and Elmer Dover, receiver of the Northern Idaho and Montana Power Company, and B. S. Grosscup, counsel of said receiver, and the said receiver through his counsel having waived any formal notice of time of hearing, consented that the matter might be heard at this time, and it appearing that the Oregon Power Company is an operating company only, and that the cost of the extension of service will be borne only by the Northern Idaho & Montana Power Company and its receiver, the Commission, on consideration of the facts, ORDERS that the said receiver cause the service requested by said J. S. Whitaker to be installed in conformity with his application and agreement exhibited to the Commission.

In the Matter of the application of SOUTHERN PACIFIC COMPANY for permission to establish a rate of 20 cents per 100 lbs. on Canned Goods, carloads, minimum weight 60,000 lbs., from Ashland and intermediate points to Portland and East Portland, Oregon. } No. F-539

(ORDER ENTERED FEBRUARY 14, 1917.—P. S. C. ORDER NO. 169)

\* \* \* The section of the state affected by this proposed rate is largely devoted to the fruit and berry industry, and the utilization of large quantities of its output must depend upon its canneries. The natural outlet for much of this canned product is through Portland, the distributing center of the state, and the rate applied for is designed to allow the Southern Oregon cannery to compete with California products, which move into Portland via water at a rate of 12½ cents per 100 pounds.

The canning industry in Southern Oregon is but in its infancy, and more canneries and the prosperity of those now in operation means much to this section of the state, as well as to the state as a whole, and the railroad which serves the territory. The establishment of the rate sought will be a contributing factor to that end, and any injury which may possibly result we believe will be negligible as compared to the good which will flow from the establishment of the proposed rate.

The record before us shows sufficient cause for a deviation from the mandate of law that no rate shall be charged which will result in the collection of a greater sum for a shorter than for a longer haul over the same line; and

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that the Southern Pacific Company be and it hereby is authorized to publish, and upon the filing thereof as provided by law, impose and collect a rate of 20 cents per 100 pounds on canned goods, viz: Fruit and vegetables in tin, glass or earthenware packages, boxed or in metal cans in crates, straight or mixed carloads, minimum weight 60,000 pounds, from Ashland, Oregon, to Portland and East Portland, Oregon, such rate also to apply as a maximum from intermediate points to Portland and East Portland, but not to apply from Ashland and such intermediate points to intermediate points between Ashland and Portland or East Portland.

TILLAMOOK COUNTY MUTUAL TELEPHONE COMPANY, a corporation,	} Plaintiff,	No. U-F-168
<i>v.</i>		
THE PACIFIC TELEPHONE & TELEGRAPH COMPANY, a corporation,	} Defendant.	

(ORDER ENTERED FEBRUARY 26, 1917.—P. S. C. ORDER NO. 170.)

The Tillamook County Mutual Telephone Company, hereafter referred to as the "Mutual Company," has brought this complaint alleging the service of The Pacific Telephone & Telegraph Company, hereafter referred to as the "Pacific Company," is insufficient and inadequate, and its practices unreasonable and unjustly discriminatory in that it fails and refuses to permit the installation of a physical connection between its telephone system and that of the Mutual Company and to allow the interchange of traffic thereover.

The Pacific Company having answered, the matter was set down for hearing and investigation and due notice of the time and place thereof was given the interested parties. Pursuant to such notice, a public hearing was held in Tillamook, Oregon, on January 11, 1917.

*Appearances:*

For Plaintiff: Geo. P. Winslow, its attorney.

For Defendant: Omar C. Spencer, its attorney.

The Tillamook County Mutual Telephone Company, a corporation of the State of Oregon, owns and operates a telephone system in Tillamook County consisting of a number of rural lines which are connected to and operated as a part of an exchange plant, also owned by it, which serves the City of Tillamook, Oregon. The company is a public utility as the same is defined by Chapter 279 of the General Laws of Oregon for the year 1911.

The Pacific Telephone & Telegraph Company, a California corporation, is also a public utility. It owns and operates a telephone system furnishing both local and long distance service generally throughout the State of Oregon, as well as other Pacific Coast states, but is more particularly, as far as the issues in this case are concerned, the owner of a local exchange plant and equipment in the City of Tillamook with various rural lines connected therewith and operated as a part thereof, and a toll line extending from its Tillamook exchange to Portland, the metropolis and trade center of the state, and various other points on the Pacific Coast. Through its connections, long distance service to all parts of the United States is available.

Although the complaint covered the question of interchange of both local and long distance business, the plaintiff announced at the hearing that a connection for the interchange of long distance service only was sought, and the testimony introduced was confined to this feature. The question before the Commission, therefore, is: Shall a physical connection between the two companies for the interchange of long distance messages be installed, and, if so, under what terms and conditions?

Section 8 of Chapter 279 of the General Laws of Oregon for the year 1911, which is the section under which this proceeding is brought, is as follows:

"Every public utility, and every person, association or corporation having conduits, subways, street railway tracks, poles or other equipment on, over or under any street or highway shall for a reasonable compensation permit the use of the same by any public utility whenever public convenience or necessity require such use and such use will not result in irreparable injury to the owner or other users of such equipment nor in any substantial detriment to the service to be rendered by such owners or other users.

"In case of a failure to agree upon such use or the conditions or compensation for such use, any public utility or any person, association or corporation interested may apply to the Commission, and if after investigation the Commission shall ascertain that public convenience or necessity require such use and that it would not result in irreparable injury to the owner or other users of such equipment, it shall by order direct that such use be permitted and prescribe reasonable conditions and compensation for such joint use.

"Such use so ordered shall be permitted and such conditions and compensation so prescribed shall be the lawful conditions and compensation to be observed, followed and paid, subject to recourse to the courts upon the complaint of any interested party as provided in Sections 54, 55, 56, 57 and 58, inclusive, and such sections so far as applicable shall apply to any suit arising on such complaint so made. Any such order of the Commission may be from time to time revised by the Commission upon application of any interested party or upon its own motion. All public utilities shall afford all reasonable facilities and make all necessary regulations for the interchange of business or traffic carried or their product between them, when ordered by the Commission so to do."

The plaintiff contends that there is a general demand by its patrons for long distance service, many of whom, by reason of the location of the Pacific Company's lines and public pay stations, and the rules and regulations established by that company with reference to line extensions, can not reasonably secure the service of the Pacific Company; that this demand is actuated by urgent need and is such as to constitute the necessary public necessity and convenience to warrant the ordering of a physical connection between the two companies.

At the outset the constitutionality of the section of the act under which this proceeding is brought is challenged by the defendant, but we do not deem it within the province of this Commission to attempt to pass upon this question. As an administrative tribunal, unless irreparable injury will be done, we conceive it to be our duty to assume the validity of acts submitted to us for administration, and as the statute provides for a judicial review of all orders of the Commission, any infirmities in the acts sought to be administered can be determined by the courts without the orders of the Commission causing injury to any one.

Meeting the allegations of the complainant, the defendant contends that it adequately serves, or is in a position to serve, the district under consideration; that its service is available under reasonable terms to all who desire it; that it is in active competition with the plaintiff and that to compel this connection and force the interchange of toll messages would deprive it of the most effective weapon it has to meet the competition which exists, and would inevitably result in the loss of its subscribers and the destruction of its property to its irreparable injury and in violation of its constitutional rights.

The record shows there are numerous patrons of the Mutual Company in the rural district surrounding Tillamook who are not located contiguous to the lines of the Pacific Company and are not subscribers to its service, and that they have urgent need for long distance service. These people are located at distances varying from a few hundred feet up to several miles from the nearest Pacific Company line. Under the present conditions, if they desire long distance service, it is necessary for them to travel these varying distances to avail themselves thereof, or as suggested by the Pacific Company, to install the service of that company. The general practice has been to travel the distance rather than to install the service. Nor is this travel limited to the distance to the nearest Pacific Company subscriber telephone, but, on the contrary, they travel, in most instances, to the nearest public pay station maintained by that company. Although a neighbor may be a subscriber to the Pacific Company's service, in a large number of cases the party desiring the long distance service will go to a public pay station and avail himself thereof. This is due to a large extent to the natural hesitancy in invading the privacy of another's home to transact business in which the owner of the home has no interest, and is a condition fostered by the Pacific Company by its strong discouragement of the use of private residence and business telephones by outside parties.

A study of the record regarding the suggestion that the party wishing long distance service should subscribe to the Pacific Company's system, develops the following facts:

The Pacific Company has inaugurated a general rule relating to the building of extensions which, briefly stated, is as follows: The company will extend a line, without expense to the subscriber, to any point, the construction of the line to which will not entail an expenditure in excess of two years' receipts from

the service furnished by that line. Beyond such point the subscriber must participate in the cost of construction. This rule is varied in individual instances by particular conditions regarding prospective development of additional business, etc., found to exist. The average cost of ordinary farmer-line construction by the Pacific Company in Tillamook County is in the neighborhood of \$140.00 a mile. The regular published tariff rate of the Pacific Company for farmer line, party service, in this territory is \$1.50 per month.

These facts, taken in connection with others disclosed by the record as to the ability of the subscriber to pay and the amount of use he has for the Pacific Company's service, lead the Commission to the conclusion that the cost to many of the citizens of Tillamook County, now served by the Mutual Company, of obtaining the service of the Pacific Company in their homes is more than the value of such service to them.

We do not believe the contention made by the Pacific Company that they are in a position to furnish their service to all who may require it in this territory at a reasonable cost to the patron has been sustained.

Having reached this conclusion, the next question to be considered is: Is the need for long distance service by the patrons of the Mutual Company, who can not reasonably secure the service of the Pacific Company, such as to constitute a public necessity or convenience sufficient, in view of the record before it, to warrant the Commission in ordering the physical connection and the interchange of long distance traffic thereover? We believe it is. The record shows these telephone users, who are deprived of long distance connection unless they submit to great inconvenience, or unwarranted expense, have urgent need for this service in their homes, especially in case of sickness or death. Under the present system the use of the Pacific Company's toll facilities by these people is extremely unsatisfactory. There is testimony in the record showing that parties after traveling long distances to the pay stations to place or receive toll calls, have, at times, been unable to communicate with the called or calling party. This has resulted in the call being abandoned, or an additional trip being made by the patron to secure the desired service.

Parties engaged in business pursuits are among the Mutual Company's subscribers who can not reasonably avail themselves of the Pacific Company's service, and their need for long distance service, at times, is imperative. As an illustration, the owner of a sawmill testified he was located two and a half miles from the nearest line, and five and one-half miles from the nearest public pay station of the Pacific Company, and that in case of failure of any of his machinery it becomes necessary for him to immediately get into communication with Portland, which is the nearest point at which new parts can be obtained. The record is replete with testimony showing public necessity and convenience, which, as before stated, we think fully justifies the installation and operation of a physical connection between the two companies for the transmission of long distance messages to and from the subscribers of the Mutual Company located without the city limits of Tillamook. Within the corporate limits of the city, in the opinion of the Commission, the long distance service of the Pacific Company is now reasonably available.

The only remaining question relates to the terms and conditions under which this connection shall be installed and used. The Mutual Company contends the connection should be made under practically the same terms and conditions exacted and allowed by the Pacific Company where voluntary connections are made by it with other companies, and suggests that it should be allowed 25 per cent of the receipts from all toll business originated by it as compensation for the collection of bills and other incidental service in connection with this interchanged traffic.

On the other hand, the Pacific Company submits, if the connection is to be installed at all, a differential in its favor should be established to compensate for the use of its facilities and to mitigate as much as possible the evil effect to its property and investment, which it claims will inevitably result from the interchange of this traffic.

The Commission has carefully considered this phase of this proceeding. The Mutual Company is an organization composed of local people and its rates generally are lower than those of the Pacific Company. It has the larger number of subscribers in the locality under consideration, and its greatest disability as compared to the Pacific Company is its lack of toll service. It is true that it maintains a magneto system, and in most instances has grounded circuits, as against the Pacific Company's common battery system with full metallic circuits. However, this grade of service seems to meet the demands, and the better grade

of service maintained by the Pacific Company at a greater cost is of little practical benefit to the Pacific Company in meeting the competition in this territory.

It follows with the turning over to the Mutual Company of the toll facilities of the Pacific Company, the Mutual Company will be in position to offer its rural patrons a service broader in its scope than that of the Pacific Company's, equal to the demands of its patrons in quality of service, and at a cheaper rate than that maintained by the Pacific Company. Unless we mistake the business acumen of the citizens of this district, the Pacific Company would experience trouble in maintaining its rural subscriber list under such a condition.

In order to protect the investment of the Pacific Company, therefore, it is necessary to prescribe terms and conditions which will preserve the competitive status of the utilities after the connection has been made. Like conclusions have been reached by various other tribunals, in cases presenting situations somewhat similar to the one presented in this case, and, while we are aware there are grounds for good argument to the contrary, we believe this to be the correct view here. See *Rural Telep. Cos. v. Bell Telep. Co.*, 12 Can. Ry. Cases, 319, IV Commission Telephone Cases 832; *Winter v. La Crosse Telep. Co.*, 11 W. R. C. 748, 14-18 C. L. 952; *Intertownship Telep. Co. v. DeKalb County Telep. Co.*, 43 C. L. 311; *Tweddle et al., v. Michigan State Telep. Co. et al.*, 32 C. L. 400.

In the light of the entire record before it, the Commission finds that just and reasonable terms and conditions for the installation and use of the physical connection between these utilities are as follows:

(1) The Mutual Company shall, at its own expense, install and maintain the necessary plant and equipment to connect up its system with that of the Pacific Company at the latter company's exchange terminal, so as to make possible the interchange of long distance traffic between the two companies.

(2) On all calls interchanged under this order between the Mutual Company and the Pacific Company there shall be charged, in addition to the regular, published tariff rate, the sum of 10 cents, which 10 cents shall not be absorbed by either company, but shall be collected from the subscriber or patron availing himself of the service afforded by the physical connection between these utilities.

(3) Each company shall be responsible for all tolls charged against its own subscribers or patrons, including the 10 cent differential herein provided, and shall, on or before the 10th of the month following that in which the service was rendered, remit to the other the sum of 5 cents for each interchanged call for which its subscribers or patrons shall be liable.

March 15, 1917, is a reasonable time for this order to become effective.

Based upon the foregoing facts, considered in connection with the entire record before it, the Commission finds the present service of the Pacific Telephone & Telegraph Company is inadequate and its facilities unreasonable; that public necessity and convenience require the use by the subscribers of the Mutual Company located without the corporate limits of the City of Tillamook of the toll line facilities of the Pacific Company in connection with the system of the Tillamook County Mutual Telephone Company, and that such use under the terms and conditions above set forth will not result in irreparable injury to the Pacific Company, or the users of its long distance facilities, and will not result in any substantial detriment to the toll service rendered, or to be rendered by it; that the revenue which will be derived from the toll business interchanged under this order is a reasonable compensation for the use of the facilities involved in this business.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED that on or before March 15, 1917, the parties to this proceeding shall provide the necessary plant and equipment and do all matters and things reasonably necessary to provide for the interchange between them of all long distance traffic originating at or destined to stations upon the lines of the Mutual Company without the corporate limits of the City of Tillamook, and shall thereafter interchange such traffic without discrimination and without restraint. Such facilities shall be provided and such long distance traffic interchanged thereover under the terms and conditions hereinbefore set forth as just and reasonable and not otherwise; provided, however, nothing herein contained shall be construed as preventing these companies from making such operating agreement, or agreements, not inconsistent herewith, as may be necessary or desirable to promote the orderly handling of the traffic to be interchanged hereunder.

The application of this order is confined solely to the intrastate transmission of messages between points wholly within the State of Oregon, and shall not be construed as in any wise affecting interstate commerce.



The Commission is not unmindful of the fact that minor operating difficulties may arise from the interchange of traffic as provided herein, but they are not such as to be serious if there is reasonable cooperation between the utilities and an earnest endeavor is made to carry out the full spirit and intent of the order.

This matter will not, at this time, be closed upon the docket of the Commission, but shall remain open and jurisdiction is hereby retained to make such other or further order, or orders, as may be deemed necessary or appropriate in the premises. \* \* \*

R. W. PATTERSON, Plaintiff,

v.

SOUTHERN PACIFIC COMPANY, a Corporation, Defendant.

No. F-544

(ORDER ENTERED APRIL 18, 1917.—P. S. C. ORDER NO. 190.)

Complaint alleging the facilities maintained by the Southern Pacific Company at Mill City for the accommodation of passengers and freight are inadequate, unreasonable and unjustly discriminatory. \* \* \*

Mill City is a regular station upon its said line at which an agent is maintained for the general transaction of business with the public, but that the defendant fails, neglects and refuses to provide or maintain sufficient facilities for the proper accommodation of passengers and freight, and by reason thereof the service afforded is wholly inadequate, and is unjust, unreasonable and unjustly discriminatory.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED that the defendant shall cease and desist from the violations of law hereinbefore set forth, and that it shall provide at Mill City adequate, reasonable and just facilities for the proper accommodation of passengers and freight, which facilities shall include a suitable depot, properly equipped with toilets, running water, and such other equipment for the accommodation and comfort of its patrons, and the prompt and proper handling of freight as is provided generally in depots of like character throughout the state, and required by orders of this Commission.

On or before thirty days from and after the date of the service of a copy of this order upon it, the defendant shall file with this Commission for its approval complete plans and specifications covering the facilities which it will provide in accordance with this order, and, immediately upon the approval thereof by the Commission, shall proceed with the erection of such facilities and shall prosecute such work with due diligence to its final completion. \* \* \*

- |  |   |             |
|--|---|-------------|
| In the Matter of the Electric Lighting, Heating and Power Rates of PORTLAND RAILWAY, LIGHT & POWER COMPANY, a Corporation. (Investigation on Commission's own motion.) | } | No. U-F-47. |
|  |   |             |
| In the Matter of the PORTLAND RAILWAY, LIGHT & POWER COMPANY. (Investigation on Commission's own motion.)  | } | No. F-108   |
|  |   |             |
| In the Matter of the PORTLAND RAILWAY, LIGHT & POWER COMPANY's rates upon the Mt. Hood Division. (Investigation upon the Commission's own motion.)                     | } | No. F-241   |
|  |   |             |
| In the Matter of the PORTLAND RAILWAY, LIGHT & POWER COMPANY. (Investigation on the Commission's own motion.)  | } | No. F-259   |
|  |   |             |

(ORDER ENTERED APRIL 30, 1917.—P. S. C. ORDER NO. 191)

On May 31, 1916, the Commission entered preliminary findings of fact in the above entitled cases. These findings covered only such elements of value of the properties of the Portland Railway, Light & Power Company as it was believed were supported by the record then before the Commission. As to certain other elements no findings were made, but rather the matter was held open

and an invitation extended to the utility to present such further testimony bearing upon these particular elements as it might deem proper. Final consideration as to specific values, and the determination of rates, rules and regulations covered by these investigations was deferred to be taken up for further consideration upon ten days' notice to the parties in interest. (See P. U. R. 1916, D. 977; Tenth Annual Report, P. S. C. Or.)

On November 11, 1916, the respondent filed a petition seeking a rehearing on, and a reconsideration by the Commission of certain findings set forth in the preliminary report. The petition also covered the elements of value as to which no findings were made for the reasons above indicated.

The petition was granted, and a public hearing was held thereon in Portland, Oregon, on March 12, 13 and 14, 1917. Although due notice was given to each community affected, as well as to numerous patrons of the utility, as to the time and place of such hearing, no appearances were entered except that of Griffith, Leiter & Allen, the respondent's attorneys.

The following points were raised and considered upon the rehearing:

Going value or development cost.

Working capital.

Cost of financing.

Omissions from inventory.

Interest during construction.

Reproduction cost of underground distribution system.

Reproduction cost of additions and betterments.

Water power values.

Classification of parks and resorts as utility property.

Depreciation annuity.

Original cost of the properties:

(a) As at the time put in service.

(b) To the present investors.

Allowance of value for a certain lease on operating real property.

These will be considered in the order named:

#### *Going Value or Development Cost:*

In its preliminary findings, the Commission refused to consider the calculation presented by the respondent as sufficient to warrant a finding as to this element, and indicated that it would welcome additional evidence, if the utility desired to present it, upon this point. Such additional evidence has now been introduced, in the form of a calculation based upon what is commonly known as the "Accumulated Deficit Theory" or "Wisconsin Method," the development period being assumed to extend from the time of the acquisition of the properties by the present investors.

There appears to be more or less confusion as to the term to be applied to this intangible element which enters into the value of a utility property. "Going value," "going concern value," "going cost" and "development cost" seem to have been variously used by the courts and commissions, but by whatever appellation it should be known, the amount which this Commission will allow in a rate case for this element of value is that sum which represents the reasonable cost of attaching the normal business to a plant reasonably required to serve the territory covered. The term "development cost" seems to be the most appropriate to apply, and it will be used, as thus defined, throughout these findings.

It is apparent from this definition that a development cost is a necessary investment in every operated utility plant, irrespective of whether the results from its operations have been good or bad. Deficits, while they may be indicative of the period of development, and do have a more or less direct bearing upon the ascertainment of a proper allowance for development cost, are by no means conclusive as a measure of that allowance. Deficits may, and not infrequently do, result from the lack of development work. If no development expenses whatever were incurred, deficits would be a permanent feature of the utility's operations, and the greater the deficit, due to the lack of development work, the greater the development cost would become under this accumulated deficit theory. Thus the interesting situation, to say the least, is presented that the less expense the utility incurs in developing its business, the greater claim it is entitled to make for a development cost. It must be conceded that many other elements must be considered, and that the problem is far greater than the mere calculation of the accumulated deficit. Theoretical calculations, based upon such formulae as have been presented are worthy of serious consideration, and may be of great assistance

In determining a fair development cost, but they are not to be considered as conclusive as to its amount. It may be possible to evolve a formula which properly applied in a particular instance will give due consideration to all the elements which should receive attention, but such has not been presented in this case, nor has such a formula as yet come to the attention of this Commission. The question of the reasonableness of the allowance is of prime importance, and under its present enlightenment, the Commission is of the opinion that the determination of a proper allowance for development cost must rest upon the judgment and discretion of the determining body, after a full consideration of the history of the physical plant of the utility, and of its rates, results of operations, operating organization and attached business the nature and size of the territory served, growth of population, and kind, number and general circumstances of its patrons; the general commercial conditions during the life of the plant, and during the ownership by the present investors; the terms of, and conditions under which transfers of ownership have occurred; the financial history of the plant; the progress of the art, and general attitude of the public toward its utility product; the competitive conditions, if any, and all other matters and things, which in the particular instance, may have a bearing upon the subject.

Such has been the course pursued in this case in arriving at the amount which the Commission deems to be just and reasonable and which has been allowed in the final finding of value as hereinafter set forth.

#### *Working Capital:*

As the necessary amount of working capital, either cash or its equivalent, and material and supplies necessary to be kept available for the successful operation of the respondent's utility properties, the Commission made an allowance totaling \$1,110,000.00. The utility contends this sum is insufficient and asks that in addition to the allowance of a greater amount for utility operation, an estimate of the working capital and material and supplies necessary for the operation of its nonutility property be made.

An examination of the corporate general balance sheets of this utility over a representative period of years indicates that the respondent has been able to conduct its utility operations in a reasonably efficient manner with a working capital which does not exceed that allowed by the Commission. There is no justification for altering the former finding in this regard.

As to estimating the working capital and material and supplies necessary for the operation of the nonutility property of this company, the Commission has examined with care the record before it touching upon this point, and while it is realized that this feature has no bearing upon the ultimate purpose of this proceeding, for what it may be worth, and in order that the findings regarding the nonutility property may be complete, the Commission estimates the respondent will reasonably require in material and supplies and cash or its equivalent, the sum of \$250,000.00 for the purposes of operation, including maintenance, of its nonutility property.

#### *Cost of Financing:*

Under the head of "Cost of Obtaining Money" in the former findings, the question of the allowance of 1.65 per cent as an overhead item covering this feature was discussed, and this specific amount disallowed. However, the question of the cost of obtaining money was given due consideration by the Commission, and the overhead figures adopted were deemed to be ample to cover this feature.

The company has renewed its claim for this amount, but the additional evidence before the Commission does not warrant a revision of the former finding, and it will be allowed to stand as originally stated.

#### *Omissions from Inventory:*

The utility, apparently laboring under a misapprehension as to what action was taken by the Commission in regard to omissions from inventory, asked that an allowance be made for this item. An allowance, deemed by the Commission to be fair, was made in the former findings in this regard, and the present record contains nothing which would warrant disturbing the conclusion there reached.

#### *Interest During Construction:*

The utility has also questioned the sufficiency of the allowance made for interest during construction. The allowance made was based upon an interest rate of 6 per cent per annum, the actual time during which the money would necessarily be

required for the various items of property being taken. This amounts in the aggregate to an allowance of slightly in excess of 6 per cent of the estimated structural cost of the plant, and from a careful consideration of the former record, in the light of the testimony presented on the rehearing, it is believed this amount is reasonable. No further allowance will be made.

*Reproduction Cost of the Underground Distribution System:*

In support of their contention that the reproduction cost of the underground distribution system as found by the Commission was too low, the respondent produced testimony tending to show that the reproduction cost estimate submitted by its experts, as well as by the Commission's engineers, was below the original cost of construction, and that this difference was due to a misunderstanding at the time the appraisals were made as to the ownership of the service installations upon the consumers' premises served from the underground system.

An examination of the construction records of the underground system indicates that the contention of the utility is well founded. The former finding will, therefore, be altered, making the reproduction cost new of the underground distribution system \$961,593.07, and the reproduction cost less depreciation \$891,385.83.

*Reproduction Cost of Additions and Betterments:*

In this behalf the utility has submitted proof which conclusively shows the exhibit, introduced at the original hearing and purporting to show the expenditures for additions and betterments subsequent to the date as of which the inventory and appraisal of the property was made, to be in error. It appears that certain property then under construction, or but recently completed, was omitted from the statement of the additions and betterments under the erroneous impression it had been included in the inventory and appraisal. No evidence in regard to this property being before the Commission, it was omitted from its findings. It will now be added.

The utility has also submitted an exhibit showing the amounts expended for additions and betterments during the period from the date of the former exhibit down to and including December 31, 1916. These amounts, added to the property omitted as above set forth, will be added to the reproduction cost previously found, and considered in the final finding of value hereinafter set forth.

*Waterpower Values:*

The value of no property owned by the respondent has a greater range than that of the water right values. On the question of these values, the utility has again presented a calculation submitted at the original hearing, and earnestly urges that the Commission erred in not allowing the amount shown by this calculation as the value of the waterpower rights which it is designed to cover. It has particular application to the rights owned by this company at the Willamette Falls at Oregon City, the location of its Station B.

Briefly stated, the figures, which it is contended represent the value of these Station B water rights, were derived as follows:

The price per annum per horsepower for which raw waterpower is now being sold at Oregon City by the respondent in more or less large quantities to private industries (paper mills) was applied to all power devoted to the public service by the company at this point. From the figure thus obtained was deducted the expense which would be incident to the furnishing of this power as raw power, and the net annual return was then capitalized, the resulting figure, it is claimed, being the "actual value" of these waterpower rights. It is stated by the utility's expert that this is one "of the very few waterpower calculations ever made which could be definitely substantiated" and the Commission is importuned to treat the figures submitted as conclusive, and accept them as the value of these powers.

Analysis of this submission develops some interesting features. To explain the failure of the company to withdraw this power from the public service and devote it to the private use, an exhibit showing the disadvantages of such action was presented. This exhibit shows that electric energy is generated by the respondent at two frequencies, 33 cycle, which is used at that frequency for power, and 60 cycle, which is used for both light and power. In order to provide flexibility of the system, as well as to increase reliability and continuity of service, machines have been installed at various substations to change from one frequency to the other, but should the condition exist that no current of one or the other alternating characteristic be generated, the capacity of these machines is not great enough

to meet the demand for service of that frequency by transforming from the other. The major portion of the electricity generated at Oregon City is 33 cycle, and is supplemented by 33 cycle water driven generators at Cazadero and 33 cycle steam driven generators located in Portland. The steam standby plant is regarded as a relay station to care for the demands on the 33 cycle system in times of breakdown at Oregon City or Cazadero, as well as to help carry over the yearly peak load.

All students of electric utility operations are agreed that in order to insure continuity of service there must be reserve power facilities to forestall any casualty in the production of electricity. The conditions being as they are, the respondent is prevented by its obligation to continue to serve the public, from withdrawing the waterpower at Oregon City now held in public service from this service and devoting it to private use.

In addition to this feature, the withdrawal of this power from the public use to devote it to the use of private industries, which were shown to be ready and willing to utilize this power at the price used in the calculation, would involve the abandonment of considerable utility property at Station B. This abandonment, according to the company's expert, would result in losing "an investment not to be recovered of \$1,039,000.00." The "value" derived by the calculation for the waterpower devoted to the public use, using an 8 per cent return as a basis, and the average sale price of \$14.67 per horsepower, per year, was \$2,394,573.00. This figure may be said to represent the value of the power under consideration to the private industries at Oregon City, but it does not necessarily represent the value to the present owners, the utility. On the contrary, since in order to avail themselves of the opportunity to dispose of the power at this price, they must sacrifice some \$1,039,000.00, it would seem to logically follow that this calculation does not conclusively establish the fair market value of these power rights. It is manifestly not a figure that would, under the conditions prevailing, cause a transfer of these rights from the utility as a willing seller to the private industries as a willing buyer. If any value has been established by this calculation, it is a value to a private party for a specific purpose. Such a value is not necessarily its value in the public service. While it is a just principle that a value existing in private service should be recognized if devoted to the public service, in matters of rate regulation it must bear this qualification; provided the property which has this value in the private service can not be duplicated in the public service for less than its value in the particular private service. Applied to the particular case under consideration, here is a given amount of energy which if applied to a particular private use at a particular point may be worth a given amount of money, but when applied to the public use, it must enter into competition with other power under entirely different competitive conditions than exist at the site of its private use. If energy can be delivered from any point to the point of utilization by the public at a cheaper rate than it can be delivered from this particular waterpower site (the water right at its value in the private service being considered in arriving at the unit cost), then the waterpower will deteriorate in value for public use in a measure indicated by the comparative cost to serve from the cheaper source. It then becomes important to consider the next available source of power.

In connection with the next available source, however, it must be borne clearly in mind that the cost of supplying power from the alternative source furnishes, not a measure of the value of the power under consideration, but only a measure of its maximum possible value—the true value may be considerably less since it is dependent upon many other considerations.

In the present case there are numerous other available sources of water power within easy transmission distance of the point of utilization. However, in an attempt to calculate the cost of generating energy at these sources the problem of ascertaining the value of the waterpower to be utilized, with no standard with which to gauge it, except some theoretical calculation, which in turn must look to the next available source as a maximum, is encountered. Ultimately the steam or gas replacement theory, which has most of the ailments to which waterpower value theories are heir, must be resorted to. Since "value" under the steam or gas replacement theory depends upon a capitalized saving, and the cost of operation may, and does, vary with the market prices, to measure by this theory is to measure with a variable. Again, its acceptance would operate to deprive the community of one of its natural resources and permit its capitalization for the sole benefit of an individual. The question of the propriety of such action is open to debate, and at this time the Commission is not prepared to accept any theory which will operate to this effect.

As now advised, it is apparent that the ascertainment of these water right values, at least for the purposes of this proceeding, must rest upon reasonable judgment after a proper consideration of all relevant elements. Computations, such as have been submitted in this case, are valuable as indications of value, and they have received careful consideration and have been given such weight as it was deemed they merited in arriving at the final finding of value.

In the light of the ultimate purpose of these findings, these remarks are equally applicable to the remaining waterpowers of this utility, which are devoted to the public use, as well as to those as yet unharnessed, as to the value of which testimony was taken at the rehearing.

#### *Parks and Resorts:*

In support of the contention that the park and resort property of the utility should be included as utility operating property, the respondent submitted no new evidence but confined its presentation to written argument. This argument does not seem conclusive, and the Commission sees no valid reason for the inclusion of these parks and resorts as utility operating property. No revision of the former finding will be made.

#### *Depreciation Annuity:*

The respondent has raised the question of the propriety of the action taken by the Commission in finding the amount set forth in its preliminary findings as being necessary to be set aside as a depreciation annuity to comply with the requirements of the Public Utility Act that the property shall be kept in a state of efficiency corresponding to the progress of the industry.

By the terms of a mortgage, dated February 1, 1912, as amended by a supplemental mortgage, dated May 1, 1912, securing a bond issue of this utility consisting of First and Refunding Mortgage Thirty Year Sinking Fund Gold Bonds, it is provided in connection with the certification of certain information to the Trustee that it shall be shown that "In determining such net earnings of the Mortgagor Company for such period of twelve months, the deductions for maintenance, renewals and depreciation amounted to at least 15% of the gross earnings of the Mortgagor Company for such period of twelve months, and that amount shall be considered a proper amount to be charged for said purposes." The utility contends that under the prevailing conditions, a substantial compliance with the terms of the mortgage will meet the requirements of the statute as to the creation of a depreciation annuity, and that the annuity so created should be adopted as reasonable.

While ordinarily the Commission would insist upon the annuity found in its preliminary findings being set aside for a property of the character and magnitude here under consideration, still, under the present general commercial conditions, and in view of the physical condition of this plant, it is believed that a depreciation annuity complying with the terms of the mortgage, and set aside, accounted for and expended in the manner indicated in the former findings, will, for the present at least, protect the integrity of this property, and result in no substantial detriment to the utility, its patrons, or other interested parties. Such will be the order, bearing in mind always that the order is subject to alteration, modification, amendment or revocation at any time by the Commission upon proper showing.

#### *Original Cost of the Properties:*

(a) The records available permitted an estimate to be made of the cost of the property as of the time it was put in service. Respondent has claimed that there should be included in this estimate an allowance of \$500,000.00, which it is contended represents the value which should be allowed for a contract between a predecessor company and a subsidiary of General Electric Company.

It may be possible that this contract was of value to the predecessor company of the respondent, but to just what extent it reflected itself in the original cost of these properties is the question with which the Commission is now concerned. From a careful reading of the contract, it appears that other matters than prices were involved in the agreement, and, indeed, the question of prices was apparently not the paramount consideration which prompted the execution of the contract. Matters relating to the exclusive right to the use of certain patented equipment, as well as rights to sell such equipment in Multnomah and Clackamas counties were also included, and the record is not conclusive as to how much, if any, of the money spent to obtain this contract, or the benefits

which were derived from it, should properly enter into the fixed plant account. The \$500,000.00 is an amount estimated by representatives of the utility to be fair to be allowed, but the estimate is supported by no detail or other supporting data, except the statement of the utility that it resulted in advantages worth at least that amount. No revision of the former finding is justified by the record now before the Commission.

In order to bring the original cost up to December 31, 1916, there is added, however, to the former finding the sum of \$100,666.42, making the total \$40,128,642.52.

(b) As to the finding regarding the cost to the present investors, the question was raised as to whether the Commission had made a double exclusion of the sale price of certain property at Oregon City. This property, which consisted of locks in the Willamette River, was sold to the United States in 1915 for \$375,000.00. A careful check of the record before the Commission shows there was no such exclusion.

To bring this cost up to December 31, 1916, there is added to the former finding \$100,666.42, making the total cost to the present investors on December 31, 1916, \$51,001,147.35.

#### *Leased Property:*

Written argument submitted by the respondent at the rehearing contends for the inclusion with the value of its operating property the value of a lease on a parcel of land known in the record as "Stephen's Land Company property."

The property held under this lease is an integral and necessary part of this utility's interurban railway system, and at the expiration of the lease it will be imperative that the respondent again acquire the right to use the property, either by purchase, condemnation or a new lease.

If there is a positive value in the lease at the present time, there is also a contingent liability set up by reason of the low rental value and the increase in value of this property since this lease was acquired, and the probable further increase before its expiration, which may be found in the final analysis to more than offset this value. The Commission does not feel justified in placing a value upon this lease.

However, this piece of property is actually used and useful in the service of the public, and the Commission, as now advised, is of the opinion that for the purposes of this investigation, the utility is entitled to have included the fair value of this property, irrespective of the terms and conditions under which its operation is controlled. This theory will here be accepted and due consideration given to the value of this land in the findings of value herein-after set forth. It follows with the acceptance of this theory the rental paid by the respondent for the use of this property must be withdrawn as a charge to operating expenses, and become a charge against income.

This disposes of the various issues raised by the petition for a rehearing, and the questions of value involved in these investigations will now be given final consideration.

#### *Value of the Property:*

As stated in the preliminary findings, this investigation involves a study of both railroad and public utility properties, and the Commission obtains its jurisdiction from two separate legislative acts. The act controlling in the matter of the valuation of railroad property seems to contemplate no final or ultimate finding of value, but rather indicates that findings as to the particular elements of value shall be made, without any summation into a final, composite figure of value. On the other hand, the public utility act seems to contemplate the finding of a final figure.

The term "value" has been used in such a careless and indiscriminate manner by courts, commissions, and economists that it has led to a great deal of confusion as to its precise meaning, and the mere use of the word, without definition, is apt to be most misleading. The word has been much discussed in its several phases, and all are agreed that the purpose for which the finding is made has a very material bearing upon what elements should be included in the term.

It would appear that the legislature in drafting the act which clothes the Commission with jurisdiction over railroads, had in mind this condition and attempted to provide a means of perpetuating for all relevant purposes the various elements which enter into the various concepts to which the term "value"

has been applied. It is equally clear in drafting the public utility act, the legislature had in mind the finding of an ultimate figure of value, and since the Commission exercises no jurisdiction over the issuance of stocks and bonds, nor questions of taxation, nor proceedings looking to the fixing of values for purposes of sale or exchange, it is evident the "value" contemplated by the legislature is the value for rate making purposes. This value, the Commission conceives, to be an expression in dollars of the aggregate of many factors, and represents, on the one hand, the amount upon which the utility owner is entitled to base a claim for a return, and, on the other hand, the amount upon which, provided it requires the imposition of no unreasonable, unjust nor unjustly discriminatory rates, the rate payer should pay a return. As such it is clearly distinguished from exchange value, or other like concepts to which the term "value" has been applied. It is a particular value for a particular purpose, based upon only such elements as are relevant when considered in the light of such particular purpose. It is a result and not a premise; it is a base upon which to build a rate structure.

In order to satisfy the requirements of both acts under which the Commission is operating in this particular instance, and with a view of making these findings of the utmost utility and value, findings will be made covering, (1) the various elements which are common to the greater number of concepts variously designated as "value," and (2) a final, composite figure which represents the Commission's opinion of the "value for rate making purposes" as above defined. All findings as to nonutility property are based upon its value for rate making purposes if devoted to the public use, and actually used and useful in the service of the public.

The Commission has again reviewed with care the record before it, and now being fully advised, from such record makes the following findings:

The original cost of construction of the structural plant of the Portland Railway, Light & Power Company, as at the time put in service, up to and including December 31, 1916, was \$40,128,642.52. This figure covers the bare cost of construction of the structural plant, used and useful in the service of the public, and does not include nonoperating property, development cost, working capital, investments in subsidiary corporations nor construction work in progress.

The original cost of these properties to the present investors, including development cost, working capital, investments in subsidiary corporations and construction work in progress up to and including December 31, 1916, was \$51,001,147.35.

The amount and market value of the stocks and bonds of this utility, as at February 6, 1915, which is the latest date for which the record contains information on this point, were as set forth in the following tabulation:

	Par Value	Market Value
Portland Railway, Light & Power Co. 5% Bonds, due 1942 .....	\$17,064,000.00	\$14,419,080.00
Portland Railway, Light & Power Co. 5% Notes, due 1915 .....	5,000,000.00	4,962,500.00
Portland Railway Co. 5% Bonds, due 1930.....	8,523,000.00	8,448,424.00
Portland General Electric Co. 5% Bonds, due 1935....	8,000,000.00	7,900,000.00
City & Suburban Railway Co. 6% Bonds, due 1916....	87,000.00	87,000.00
City & Suburban Railway Co. 4% Bonds, due 1930....	1,290,000.00	1,122,300.00
Portland Railway, Light & Power Co. Common Stock .....	25,000,000.00	6,250,000.00
Totals .....	\$64,964,000.00	\$43,189,304.00



The reproduction cost new and the reproduction cost less accrued depreciation of the properties under consideration, as at December 31, 1916, were:

	<i>Reproduction Cost New</i>	<i>Reproduction Cost less Depreciation</i>
<i>Railway Divisions:</i>		
Portland Street Railway.....	\$16,154,227.94	\$14,017,261.88
Oregon Water Power Railway.....	6,555,712.08	5,860,135.31
Mount Hood Railway.....	1,346,687.29	1,302,928.14
<b>Total Railway.....</b>	<b>\$24,056,627.31</b>	<b>\$21,180,325.33</b>
<i>Electric Utility Divisions:</i>		
Portland .....	\$15,632,000.23	\$14,455,150.11
Willamette Valley .....	1,038,507.97	941,746.52
Vancouver .....	552,015.73	503,287.59
<b>Total Electric Utility .....</b>	<b>\$17,222,523.93</b>	<b>\$15,900,184.22</b>
Salem Gas Utility .....	181,937.07	159,848.07
<b>Total Utility Property .....</b>	<b>\$41,461,088.31</b>	<b>\$37,240,357.62</b>
<b>Non-utility Property .....</b>	<b>7,512,514.65</b>	<b>\$37,240,351.65</b>
<b>Grand Total .....</b>	<b>\$48,972,602.96</b>	<b>\$44,422,409.27</b>

The above figures contain no allowance for development cost nor working capital.

The corporate income of the respondent for the fiscal years ending June 30, from 1908 to 1915, inclusive, is found to have been as indicated by the appended statement:

1914	1915
9,574.97	\$3,393,804.31
0,798.45	1,922,782.09
8,776.52	\$1,471,022.22
7,509.74	\$ 69,369.78
2,294.50	28,335.96
5,215.24	\$ 41,033.82
9,461.43	\$2,021,033.99
4,199.20	536,307.14
5,262.23	\$1,484,726.85
0,998.02	\$ 32,997.62
9,750.83	28,217.76
1,247.19	\$ 4,749.86
4,010.79	\$ 149,039.74
4,920.43	9,076.68
<b>1,404.54</b>	<b>1,168.75</b>
<b>293.45</b>	<b>311.77</b>
<b>392.23</b>	<b>158.20</b>
<b>665.08</b>	<b>191.05</b>
	2,032.95
6,175.92	\$ 158,319.60
6,677.10	\$3,159,852.35
1,675.71	581,149.31
5,001.39	\$2,578,703.04
3,825.75	\$ 28,139.35
8,441.26	17,482.86
2,267.01	\$ 45,622.21
7,268.40	\$2,624,325.25
1,569.89	\$ 9,151.33
9,136.64	1,978,851.29
7,126.71	96,028.35
2,669.64	80,672.52
6,268.50	45,336.61
0,771.38	\$2,218,040.10
6,497.02	\$ 406,285.15



Based upon a consideration of these elements, in the light of the entire record before it, and making due allowance for development cost and working capital, the Commission now finds as fact that the value of the utility property of the Portland Railway, Light & Power Company for rate making purposes, as that value is hereinbefore defined, plus the value of the non-utility property determined on the same basis, was on December 31, 1916, the sum of \$55,307,474.19. Of this amount, \$8,444,502.27 represents non-utility property, leaving a total valuation of the property used and useful in the service of the public of \$46,862,971.92. This value has been apportioned as follows:

**Railway Divisions:**

Portland Street Railway .....	\$18,233,371.55
Oregon Water Power Railway .....	7,402,195.46
Mount Hood Railway .....	1,523,454.61
<b>Total Railway .....</b>	<b>\$27,159,021.62</b>

**Electric Utility Divisions:**

Portland .....	\$17,689,980.30
Willamette Valley .....	1,177,004.45
Vancouver .....	625,168.31
<b>Total Electric Utility .....</b>	<b>\$19,492,153.06</b>
Salem Gas Utility .....	211,797.24
<b>Total Utility Property .....</b>	<b>\$46,862,971.92</b>

This disposes of all questions that are common to the various cases which were consolidated for the purpose of hearing. The remaining questions are local to the particular case in which they arise. They will be considered in due course, and orders covering issued under their appropriate docket numbers.

JOSEPH S. BROSS, H. M. SHAVER, J. W. BUCKLEY and GEO. F. CURTIS, v. OREGON ELECTRIC RAILWAY COMPANY,	} Plaintiffs,  } Defendant.	No. F-554
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(ORDER ENTERED APRIL 21, 1917.—P. S. C. ORDER NO. 193)

Complaint by patrons of the Oregon Electric Railway Company alleging its service to be inadequate, unreasonable and unjustly discriminatory in that it falls and refuses to stop certain of its trains at Pine Knot.

\* \* \* While the present service reasonably cares for a large part of the regular traffic offered at this point, there is a demand for additional service, which, in view of the character and number of trains operated by this defendant, can be furnished without the imposition of any unreasonable burden upon the carrier. Considerable traffic tributary to Pine Knot is now handled from stations located on either side, which have more frequent train service than is accorded to Pine Knot. The use of these neighboring stations necessitates trespassing upon the right of way of the defendant, a more or less hazardous practice, or the making of wide detours over country roads which are almost impassable during inclement weather.

\* \* \* The Commission finds that the present service afforded this station is inadequate, unreasonable and unjustly discriminatory. A reasonable and adequate service to be afforded in the future would be to install service in accordance with the offer as hereinbefore set forth.

THE CITY OF AURORA, OREGON, a municipal corporation,	}	No. F-562
v.		
SOUTHERN PACIFIC COMPANY, a corporation,		
Plaintiff,		
Defendant.		

(ORDER ENTERED MAY 17, 1917.—P. S. C. ORDER NO. 197)

Complaint by the City of Aurora, Oregon, a municipal corporation, against the Southern Pacific Company, under the provisions of Section 6906 of Lord's Oregon Laws, alleging that hazardous conditions exist at the crossing of Main Street in said town with the tracks of the defendant company, and asking that said defendant be compelled to erect gates at the crossing and place an employe in charge to open and close the same when an engine or train passes, maintain a flagman at the crossing, or protect the crossing by such other means or device as to the Commission may seem proper.

\* \* \* After due and full consideration of all the testimony and exhibits, and the representations of the respective parties hereto, the Commission finds:

#### IV.

That the said grade crossing is in its present condition unsafe and that the practice and service afforded by the said Southern Pacific Company in operation over the said grade crossing is unsafe, inadequate and unreasonable.

#### V.

That adequate and reasonable service and facilities for the said Southern Pacific Company to afford in the premises would be:

a. To install, and thereafter maintain, at the crossing at the approximate location of the present electric bell, an electric crossing bell with swinging arm and flashing light attachment.

b. To install an additional catchbasin adjacent to their tracks on the west side of Main Street and adequately drain the street and keep the water off the crossing.

c. To improve the crossing to the level of the top of the rails with crushed rock screenings for the full width of the street and for the full width of the railroad right of way.

d. To operate all trains, cars or engines over this crossing at a rate of speed not to exceed 15 miles an hour.

#### VI.

That thirty days from and after the service of a copy of this order upon it is a reasonable time within which defendant shall comply with the provisions hereof.

IT IS, THEREFORE, ORDERED CONSIDERED AND DETERMINED, that within thirty days from and after the service of a copy of this order upon it, the defendant shall furnish and supply in lieu of the service and facilities hereinbefore found to be unsafe, inadequate and unreasonable, the safe, adequate and reasonable service and facilities in paragraph V hereof set forth. \* \* \*

In the matter of the Electric Lighting, Heating and Power rates of PORTLAND RAILWAY, LIGHT & POWER COMPANY, a corporation. (Investigation on Commission's own motion).	}	No. U-F-47

(ORDER ENTERED MAY 19, 1917.—P. S. C. ORDER NO. 201)

As the result of a comprehensive investigation, the Commission recently issued findings of value for the entire properties of the Portland Railway, Light & Power Company. The values found were apportioned between the properties devoted to its electric, city railway, interurban railway, gas and nonutility operations, and also between the various operating divisions thereof. This important element of the investigation having been determined, the question of rates, rules and regulations will now be considered.

## ENTIRE UTILITY PROPERTY

The total values found by the Commission of the used and useful property of the respondent were as follows:

*Railway Divisions:*

Portland Street Railways .....	\$18,233,371.55
Oregon Water Power Railway.....	7,402,195.46
Mount Hood Railway .....	1,523,454.61
<b>Total Railway .....</b>	<b>\$27,159,021.62</b>

*Electric Utility Divisions:*

Portland .....	\$17,689,980.30
Willamette Valley .....	1,177,004.45
Vancouver .....	625,168.31
<b>Total Electric Utility .....</b>	<b>\$19,492,153.06</b>
<b>Salem Gas Utility.....</b>	<b>211,797.24</b>
<b>Total Utility Property .....</b>	<b>\$46,862,971.92</b>

The income and corporate surplus or deficit accounts of the entire property are shown by the following tabulation:

## COMPARATIVE INCOME ACCOUNTS ENTIRE PROPERTY

	Year Ending June 30, 1913	Year Ending June 30, 1914	Year Ending June 30, 1915	Year Ending June 30, 1916	6 Mo. Ending Dec. 31, 1916
Operating Revenues.....	\$6,805,947.58	\$6,829,896.00	\$5,833,844.90	\$5,265,169.11	\$2,701,697.05
Operating Expenses.....	3,025,680.35	3,223,218.90	2,673,992.55	2,523,523.92	1,219,091.99
Net Operating Revenue.....	\$3,780,266.73	\$3,606,677.10	\$3,159,852.35	\$2,741,645.19	\$1,482,605.06
Taxes Assignable to Operation.....	* 413,977.80	* 486,151.61	* 581,149.31	534,867.61	276,096.85
Uncollectible Operating Revenue.....				13,110.62	6,594.31
Operating Income.....	\$3,366,288.93	\$3,121,525.49	\$2,578,703.04	\$2,193,666.96	\$1,199,915.00
Net Nonoperating Revenue.....	6,786.60	12,267.01	46,622.21	145,212.04	77,507.97
Total Gross Income.....	\$3,373,075.53	\$3,133,792.50	\$2,264,325.25	\$2,338,879.00	\$1,277,422.97
Deductions (Interest, etc.).....	1,852,403.29	2,130,771.38	2,218,040.10	2,144,128.57	1,065,090.35
Net Income.....	\$1,520,672.24	\$1,003,021.12	\$ 406,285.15	\$ 194,750.43	\$ 212,332.72
Dividends.....	2,437,500.00	1,062,500.00			
Deductions from Surplus.....	510,330.94	725,008.80	439,795.20	303,989.66	236,183.25
Additions to Surplus.....	21,633.29	72,067.20	25,092.83		74,632.42
Surplus or Deficit for Year.....	\$1,405,525.41	\$ 712,420.48	\$ 8,417.32	\$ 114,239.23	\$ 50,781.89
Allowance for Depreciation (included in deductions from Surplus).....	255,020.89	403,423.65	383,133.65	284,341.62	189,739.96

\* Not available from record. Provided for in Operating Revenue.

## COMPARATIVE INCOME ACCOUNTS ELECTRIC PROPERTY IN OREGON

	Year Ending June 30, 1913	Year Ending June 30, 1914	Year Ending June 30, 1915	Year Ending June 30, 1916	6 Mo. Ending Dec. 31, 1916
Operating Revenues.....	\$2,300,712.55	\$2,371,578.96	\$1,938,844.89	\$1,900,316.43	\$ 946,488.49
Operating Expenses.....	609,123.54	592,028.81	509,763.68	483,081.15	231,548.94
Net Operating Revenue.....	\$1,691,589.01	\$1,779,550.15	\$1,529,081.21	\$1,417,235.28	\$ 714,939.55
Taxes Assignable to Operations.....	182,741.83	217,545.45		241,910.92	138,040.58
Uncollectible Operating Revenue.....	10,408.88	9,962.78		12,606.91	6,271.68
Operating Income.....	\$1,498,438.30	\$1,552,041.92		\$1,162,717.45	\$ 570,627.29
Allowance for Depreciation (to be deducted from Income).....	*	*	252,938.47	214,040.96	155,678.24

\* Data not available from record.

Allowances for depreciation shown in this statement are deductions from surplus as carried in the utility's records. These charges are included as operating expenses in the Commission's Classification of Accounts, and they have been so treated in the determination of past returns found below. The variation occurring in these charges during successive years may be explained as the result of basing the depreciation reserve allowance on fifteen per cent of the revenue, less current maintenance expenditures, as discussed in the valuation order.

After so considering the depreciation reserve the operating income for the four and one-half years ending December 31, 1916, when analyzed in connection with the values heretofore found reasonable, and corrected for net additions during that period, indicates that the average annual return for all utility operations has been 5.27 per cent. Similar analysis indicates the average annual return for the one and one-half years ending December 31, 1916, to have been 4.16 per cent.

This return is below that generally expected and received by investors in the Pacific Northwest from the operation of public utility properties.

*Electric Property:*

The value of the property devoted by this Company to the furnishing of electrical energy to its Oregon patrons was found to be \$18,866,984.75, apportioned as follows:

Portland .....	\$17,689,980.30
Willamette Valley .....	1,177,004.45

Analysis of the accounts develops that the revenues derived and expenses incurred in the operation of this property during the four and one-half years ending December 31, 1916, were as follows:



## COMPARATIVE INCOME ACCOUNTS—ELECTRIC PROPERTY IN OREGON

	Year ending June 30, 1913	Year ending June 30, 1914	Year ending June 30, 1915	Year ending June 30, 1916	6 months ending Dec. 31, 1916
Operating revenues .....	\$ 2,300,712.55	\$ 2,371,578.96	\$ 1,938,844.89	\$ 1,900,216.42	\$ 946,488.49
Operating expenses .....	609,123.54	592,028.81	509,763.68	483,081.15	231,548.94
Net operating revenue .....	\$ 1,691,589.01	\$ 1,779,550.15	\$ 1,529,081.21	\$ 1,417,235.28	\$ 714,939.55
Taxes assignable to operations .....	182,741.83	217,845.45	*	241,910.92	138,040.58
Uncollectible operating revenue .....	10,408.88	9,962.78	*	12,606.91	6,271.68
Operating income .....	\$ 1,498,438.30	\$ 1,552,041.92	.....	\$ 1,162,717.45	\$ 570,827.29
Allowance for depreciation (to be deducted from income) .....			\$ 252,938.47	214,040.96	156,878.24

\* Data not available from record.

It is believed that the conditions existing during the one and one-half years ending December 31, 1916, may be considered as fairly indicative of those to be encountered in the near future. Analysis of the income of the electric utility for this period on the same basis as followed for the entire property indicates that the average annual return has been 4.8 per cent.

This figure is below the usual rate of interest prevailing throughout this district and is not a fair return for the service performed.

It is also apparent that the rate of return which this company might reasonably expect can not be made the primary consideration in the fixing of rates for its light and power operations.

During the past few years a sharp decrease in the revenues of the utility has occurred in all departments of its business. In the operation of the light and power department this decrease has resulted primarily from the existence of the keen competition of another utility offering rates below those of the respondent for like services. These lower competitive rates have been made possible by the development of that utility's business on a plan designed to enter only the richest field of revenue. Service has not been offered generally to the entire city; rather it has been confined to limits wherein existed the most dense population and concentrated business activity.

By this competition the respondent company has naturally been deprived of a large percentage of the business upon which it must depend to protect its revenues, but has been left with the continuing requirement to serve, without increased rates, the outlying territory, which involves a much greater expense per unit of service delivered.

This competition is continuing without abatement at the present time, with consequent serious detachment of profitable business for the respondent company's system, which, if allowed to continue, will result in irreparable damage to the reasonable investment previously found to exist in the property.

In view of the competitive conditions existing, and other features surrounding the business of the respondent, including the practical and successful reduction of the value of service to the consumer by the competitors lower rate, the Commission believes that the present charges, insofar as they differ from those set out hereafter, although not producing an excessive or even fair return on the investment, are unreasonable, and are not such as to ultimately produce the greatest use of the service by the consumers, or yield the greatest reasonable return to the investors in the property.

The present findings will cover only the residence lighting and commercial power rates, and the rules appurtenant to their application. The Commission has full knowledge that adjustment will be required in other parts of the present schedule, particularly with regard to the commercial lighting rates, but does not consider its present information of sufficient extent to justify such adjustments at this time, and, therefore, reserves jurisdiction in those matters and subsequent order will be issued at such time as it can become more fully advised thereon.

After consideration of the entire record before it and all conditions surrounding the operation of the respondent utility, the Commission, in its discretion, finds that the following rates will reduce to a minimum the effect of elements hereinbefore discussed, and are just, reasonable, and not unjustly discriminatory in view of the particular conditions surrounding the business; and, the Commission also finds that the present rates insofar as they differ from those hereafter set forth, are unjust, unreasonable and unjustly discriminatory.

#### RESIDENCE LIGHTING

First 20 kilowatt hours per month for first 600 watts or less of installation plus 1 kilowatt hour per month for each additional 30 watts of installation, (in excess of 600) will be at the primary rate.

All consumption in excess of that at the primary rate will be at the secondary rate.

##### Primary Rate

First 13 kilowatt hours or less.....	\$1.00
Excess over 13 kilowatt hours.....	7c per kwh.

##### Secondary Rate

First 50 kilowatt hours.....	3c per kwh.
Excess over 50 kilowatt hours.....	2c per kwh.

Discount of 5 per cent will be given for payment within ten days from the date of the bill.

Minimum bill for lighting service.....	\$1.00 per month
Minimum bill for lighting service, in combination with heating, cooking, and small domestic power loads having a possible connected capacity in excess of 2 kw.....	\$2.00 per month
Lighting equipment in excess of 1 watt per square foot of floor area in any room will not be considered in determining the size of the installation.	
No heating, cooking or power appliances will be considered in the determination of installation in the lighting rate.	

### COMMERCIAL POWER

First 73 hours use per month of the consumer's demand will be at the primary rate.

All consumption in excess of that at the primary rate will be at the secondary rate.

#### Primary Rate

First 500 kilowatt hours.....	5c per kwh.
Next 500 kilowatt hours.....	4c per kwh.
Next 4,000 kilowatt hours.....	3c per kwh.
Excess over 5,000 kilowatt hours.....	2c per kwh.

#### Secondary Rate

For installations with a demand of 10 kw. or less:

First 1,000 kwh.....	2.0 c per kwh.
Excess over 1,000 kwh.....	1.25c per kwh.

For installations with a demand of from 10 to 20 kw.:

First 2,000 kwh.....	1.75c per kwh.
Excess over 2,000 kwh.....	1.0 c per kwh.

For installations with a demand of from 20 to 35 kw.:

First 3,000 kwh.....	1.5 c per kwh.
Excess over 3,000 kwh.....	0.9 c per kwh.

For installations with a demand of from 35 to 50 kw.:

First 6,000 kwh.....	1.25c per kwh.
Excess over 6,000 kwh.....	0.8 c per kwh.

For installations with a demand of from 50 to 100 kw.:

First 9,000 kwh.....	1.0 c per kwh.
Excess over 9,000 kwh.....	0.8 c per kwh.

For installations with a demand of over 100 kw.:

First 10,000 kwh.....	1.0c per kwh.
Next 20,000 kwh.....	0.8c per kwh.
Next 40,000 kwh.....	0.7c per kwh.
Next 80,000 kwh.....	0.6c per kwh.
Excess over 150,000 kwh.....	0.5 per kwh.

#### Minimum Charge

\$1.00 per month per kw. of demand.

No minimum less than \$1.00 per month.

Any consumer operating under a secondary rate schedule with demand limits higher than his actual demand, shall pay a minimum bill indicated by the lowest demand provided in that schedule.

When the demand of any consumer is determined monthly, the minimum bill shall be based upon the kilowatts of service capacity contracted for by the consumer.

#### Application of Secondary Rate:

At the time of contract the consumer shall be placed upon that secondary rate which his load conditions indicate as the most economical. If, at the end of a period of 12 consecutive months of service thereafter, or a shorter period caused by the termination of a contract, it is found that a lower total charge for the period could have been obtained under any other secondary rate, the consumer shall be credited with the amount of the difference and shall be entitled to continue service under the more advantageous rate, subject to similar correction at the end of each succeeding period of 12 consecutive months of service thereafter, or after a shorter period caused by the termination of his contract.

Particular attention must be directed at this time to the present method of charging for apartment house service, under the lighting schedule. The utility now maintains such service subject to the following rule:

"If the management or owner of an apartment house will assume the payment of the bills for all current consumed by the various apartments, he may sign a contract for the total consumption and obtain the benefit of any quantity discount which may apply to the total consumption, the rate being based on a demand of one-third of the total connected lighting load of the various apartments and the common or private basements, plus the demand of the common halls, entrances and other common use area which will be based on the full connected load.

"The minimum charge will be based on the rate of \$1.00 per month per kilowatt connected.

"In addition to the quantity discount, if any, a discount of 10% will be allowed as additional compensation for the guarantee and collection of individual apartment bills.

"The Company will furnish a separate bill for the monthly consumption of each meter at the regular rate, in addition to the bill for the total consumption.

"The Company reserves the right, at its option, to bill the management of the apartment house with the total consumption, as measured by a master meter, instead of the total consumption as represented by the sum of the individual readings of the apartment meters."

The Commission does not object to the practice insofar as it gives to the operator of the house a wholesale rate. He is entitled to the same consideration given other large consumers with similar operating conditions. Nor can there be objections to the payment of reasonable commissions for services rendered or responsibility assumed in the collection and guarantee of individual bills rendered to the various consumers by the Company.

However, the rule as applied combines these privileges, only one of which in any particular case can be reasonably justifiable. It gives the apartment house operator as a wholesale customer the use, without compensation, of meter installations for individual apartments, and the use of the utility's operating force in the maintenance and reading of these meters, and in the computation and rendering of the individual bill.

The Commission finds that this practice is unjust, unreasonable and unjustly discriminatory insofar as it gives, without compensation therefor, to a particular type of business which does not have appreciably different operating characteristics, additional advantages not shared by other lighting customers.

Exception must also be taken to the present extent of the practice of the respondent of combining separate light and power services under one rate where the power load demand is equal to or greater than that of the lighting equipment. The present conditions surrounding this practice are such as to preclude its adjustment at this time, but the respondent is cautioned that it will be necessary to modify this practice in future rate changes.

IT IS, THEREFORE, ORDERED, that on or before twenty days from the date of this order the respondent, The Portland Railway, Light & Power Company, discontinue its present rates and practices hereinbefore found unreasonable and substitute therefor the rates and practices found, under the conditions now surrounding the operation of the utility, to be just, reasonable and not unjustly discriminatory; and that at least three days before the effective date thereof the respondent file with this Commission tariffs providing the rates and practices so ordered.

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Water and Power Users of Stayton, Oregon, Plaintiffs, }  
v. } No. U-F-171.  
STAYTON WATER POWER COMPANY, Defendant.

(ORDER ENTERED MAY 21, 1917.—P. S. C. ORDER NO. 202)

Complaint by certain water and water power users of Stayton, Oregon, against the Stayton Water Power Company, alleging that the service afforded by said company is insufficient, inadequate and unjustly discriminatory.

Pursuant to the requirements of law, and after due notice to all interested parties, public hearings were held at Stayton, Oregon; and the matter now stands fully submitted.

**Appearances:**

For Brown-Petzel Lumber Company, J. H. Thoma.

For Stayton Electric Light Company, C. E. Taylor, General Manager.

For Stayton Water Power Company, V. A. Goode, its attorney.

The defendant herein is the owner of a certain water ditch heading in the Santiam River and extending to a certain mill pond, maintained and used for the storage of water and logs, and from there to the town of Stayton, by means of which they furnish water for power to various industries in said town of Stayton, including those operated by the plaintiffs in this case; and also to the city, for distribution by it for domestic and other purposes. Defendant company admits that it is a public utility and subject to the provisions of Chapter 279 of the General Laws of Oregon for the year 1911.

Plaintiffs allege that the defendant company neglects and refuses to make repairs to said water ditch and gates, or to divert or keep in said ditch a sufficient and adequate supply of water to properly operate the power wheels of the plaintiffs, by reason of which plaintiffs have been and are being damaged. They further complain that the defendant company frequently shuts off the water in its ditch without first notifying its customers, and that the water is shut off, in many cases, for a greater length of time than is necessary, thus causing great inconvenience and loss to the plaintiffs and others.

The water ditch of the defendant heads in the Santiam River at a point approximately one mile east of the town of Stayton and flows into a mill pond about three-quarters of a mile from its head, and from there a short distance on and into Stayton. This mill pond is used for the storage of water and logs, and is bordered on the north side by a so-called willow dam.

During the summer season, the water in the Santiam River is generally low, and, unless the intake of the defendant's ditch is properly opened and gravel which drifts into it during the high water season removed, it is impossible for a sufficient and adequate amount of water to enter the ditch to supply the patrons of this company. It appears that the defendant company has at times neglected to remove this gravel as promptly as it could and should have been removed and by reason of this neglect has been unable to furnish to its patrons an adequate supply of water to properly operate their power wheels.

Further, the ditch of the defendant parallels the water ditch of the Salem Flouring Mill Water Company for a considerable distance. The bed of the latter ditch is below the level of the former ditch, and the banks of the defendant's ditch are low in places. Due to these facts when there is less than normal supply of water in the Salem ditch the water from the defendant's ditch flows over the banks and into the Salem ditch. No shortage of water is caused by the low banks as long as the water in the Salem ditch is maintained to a normal level. The same condition exists at the so-called willow dam which borders the mill pond on the north. Unless the banks of the defendant's ditch and the willow dam bordering the mill pond are repaired and raised to a proper level, the defendant can not hope to be in a position to maintain an adequate head of water at all times. Under present conditions, the supply of water in defendant's ditch is in a measure dependent upon the head of water in the Salem Flouring Mill Water Company's ditch, and any shortage of water in the ditch of the latter company will lessen the supply to patrons of the defendant. This could and should be remedied.

By virtue of a reservation in a deed transferring the mill pond and water ditch to the Stayton Water Power Company, the Brown-Petzel Lumber Company now holds and exercises a right to float sawlogs and timber from the Santiam River, through said water ditch to their sawmill in the town of Stayton. They also use the mill pond for the storing of logs. No precautions are taken to prevent these logs from escaping from the pond and into the lower end of the ditch, and as a result jams are frequently formed which materially retard the flow of water, to the detriment of the patrons of the defendant. This practice should not be allowed to continue. If the Brown-Petzel Lumber Company is to be permitted to use this ditch and pond for the floating and storing of logs, this use should be so regulated as not to interfere with the rights of the other patrons of the defendant. The damage which is now being caused by the jamming of logs could and should be prevented by the installation of a boom across the outlet from

the mill pond, which will prevent sawlogs from haphazardly entering the ditch.

From a full consideration of the foregoing facts, and of all the testimony and proofs offered and received, the Commission is of the opinion and finds that the service afforded by the defendant in the town of Stayton, Oregon, is insufficient, inadequate and unreasonable; and that in order to furnish and supply sufficient, adequate and reasonable service to its patrons in the future, the defendant should make the following improvements and repairs to its ditch and plant, and do the things hereinafter required:

a. Keep the intake of its ditch open and unobstructed at all times by promptly removing gravel and other obstructions therefrom, in order that an adequate and sufficient supply of water may enter the ditch at all seasons of the year, and particularly during low water season.

b. Raise and repair the banks of its ditch, in order to retain an adequate head of water in the ditch and to avoid the loss of water by same escaping into the ditch of the Salem Flouring Mill Water Company, or elsewhere.

c. Improve and raise the "willow dam" on the north side of the mill pond to such a height as will prevent water from escaping into the ditch of the Salem Flouring Mill Water Company and retain a sufficient head of water in the mill pond to adequately supply at all seasons the needs of the patrons of said utility.

d. Install, or require to be installed, and thereafter maintain, or require to be maintained, a boom across the outlet from the mill pond in order to prevent sawlogs from haphazardly entering said ditch and forming jams therein.

The Commission is of the opinion that sufficient evidence has not been introduced to support the contentions of plaintiffs as to the other matters and things involved in this case, and that the complaint as to such matters and things should be dismissed.

Sixty days from and after the service of a copy of this order upon it is a reasonable time within which defendant should comply with the provisions of this order.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED that within sixty days from and after the service of a copy of this order upon it, the defendant shall make the repairs and improvements and furnish and supply in lieu of the service hereinbefore found to be insufficient, inadequate and unreasonable, the sufficient, adequate and reasonable service hereinbefore set forth, and do all the matters and things necessary to carry out the spirit and intent of this order; and that the complaint as to all the other matters and things involved be and it hereby is dismissed without prejudice.

In the Matter of the SUMPTER VALLEY RAILWAY COM- }  
PANY. (Investigation on Commission's own motion.) } No. F-112.

(ORDER ENTERED MAY 24, 1917.—P. S. C. ORDER NO. 203.)

The Commission having heretofore, upon its own motion, entered upon an investigation to determine the value of the physical properties of the Sumpter Valley Railway Company, and

It now appearing that the Interstate Commerce Commission has entered upon a valuation of all the railroads of the United States, including the property of the said Sumpter Valley Railway Company, which by law, will be served upon this Commission and opportunity given for objection thereto before the same becomes final and which will adequately serve the needs of this Commission.

IT IS ORDERED that the above entitled proceeding be, and the same hereby is, discontinued.

In the Matter of the Electric Lighting, Heating and Power Rates of PORTLAND RAILWAY, LIGHT & POWER COMPANY, a corporation. (Investigation on Commission's own motion.) } No. U-F-47.

(ORDER ENTERED JUNE 9, 1917.—P. S. C. ORDER NO. 204.)

After an extended and exhaustive investigation the Commission recently issued findings of value for the entire property of the Portland Railway, Light & Power Company and fixed rates for its residence lighting and commercial power business. Jurisdiction was retained in the matter of the commercial lighting rates and notice given that subsequent order would be issued whenever information obtained seemed to warrant.

The Commission, considering itself fully advised thereon and possessed of full and complete knowledge of the conditions surrounding the supply and delivery of commercial lighting service by the respondent, will now find reasonable rates which the respondent may charge and collect for such service.

For convenience of reference certain of the findings in the preceding rate order will be here briefly recited.

*Value of Utility Property.*

The total values found by the Commission of the property of the respondent used and useful in its utility operations were as follows:

*Railway Divisions:*

Portland Street Railway .....	\$18,233,371.55
Oregon Water Power Railway .....	7,402,195.46
Mount Hood Railway .....	1,523,454.61
<b>Total railway .....</b>	<b>\$27,159,021.62</b>

*Electric Utility Divisions:*

Portland .....	\$17,689,980.30
Willamette Valley .....	1,177,004.45
Vancouver .....	625,168.31
<b>Total electric utility .....</b>	<b>\$19,492,153.06</b>
Salem gas utility .....	211,797.24
<b>Total utility property .....</b>	<b>\$46,862,971.92</b>

The income accounts of the entire property and the electric division are shown by the following tabulations:

## COMPARATIVE INCOME ACCOUNTS ENTIRE PROPERTY

	Year ending June 30, 1913	Year ending June 30, 1914	Year ending June 30, 1915	Year ending June 30, 1916	6 months ending Dec. 31, 1916
Operating revenues .....	\$ 6,805,947.58	\$ 6,829,896.00	\$ 5,833,344.90	\$ 5,266,169.11	\$2,701,697.05
Operating expenses .....	3,025,680.85	3,223,218.90	2,673,392.55	2,523,523.92	1,219,091.99
Net operating revenue .....	\$ 3,780,266.73	\$ 3,606,677.10	\$ 3,169,852.35	\$ 2,741,645.19	\$1,482,605.06
Taxes assignable to operation .....	413,977.80	485,151.61	581,149.31	534,867.61	276,095.85
Uncollectible operating revenue .....				13,110.62	6,594.21
Operating income .....	\$ 3,365,288.93	\$ 3,121,525.49	\$ 2,578,703.04	\$ 2,193,666.96	\$1,199,915.00
Net nonoperating revenue .....	6,786.60	12,267.01	45,622.21	145,212.04	77,507.97
Total gross income .....	\$ 3,373,075.53	\$ 3,133,792.50	\$ 2,624,325.25	\$ 2,338,879.00	\$1,277,422.97
Deductions (Interest, etc.) .....	1,852,403.29	2,130,771.38	2,218,040.10	2,144,128.57	1,065,090.25
Net income .....	\$ 1,520,672.24	\$ 1,003,021.12	\$ 406,285.15	\$ 194,750.43	\$ 212,332.72
Dividends .....	2,437,500.00	1,062,500.00			
Deductions from surplus .....	510,330.94	725,008.80	439,795.20	308,989.66	236,183.25
Additions to surplus .....	21,633.29	72,067.20	25,092.83		71,832.42
Surplus or deficit for year .....	\$ 1,405,535.41	\$ 712,420.48	\$ 8,417.92	\$ 114,239.23	\$ 50,781.89
Allowance for depreciation (Included in deductions from surplus) .....	255,020.89	403,423.65	383,132.65	284,341.62	189,739.96

\* Not available from record. Provided for in operating revenue.



The depreciation allowances as shown in the foregoing statements are deductions from surplus as carried in the utility's records, and in view of the discussion of this element in the final findings of value, have been included in the operating expenses as prescribed in the Commission's Uniform Classification of Accounts and considered in the calculations of past returns hereafter set forth. The variation from year to year of the charges results from basing the depreciation reserve allowance on fifteen per cent of the revenue, less a deduction for the current maintenance expenditures as set out in the valuation order.

It was found that the average return actually earned on the reasonable value of the entire property, used in utility operation, was 5.27 per cent for the four and one-half years ending December 31, 1916, and 4.16 per cent for the one and one-half years ending on that date. Analysis of the light and power income for the one and one-half years last mentioned indicates that the average return was 4.8 per cent on the value of the property used in this branch of service.

The returns thus obtained are not excessive, but on the other hand are below the usual rate of interest prevailing throughout this district and less than investors might reasonably be entitled to expect from this class of property. In view of these facts it has been found that the rate of return can not be made the primary element in the determination of reasonable rates for this utility.

The Commission in the former rate order took into account the existence, in the field covered by the respondent's light and power operations, of a competing electric utility which, by service at lower rates in only a restricted territory of greatest business activity and density of population, has been able to attract a large percentage of the most profitable business from the respondent's system. The competitor has not been required to serve any except this most advantageous business and has left the respondent with the continuing responsibility to serve, without increased compensation, the outlying territory involving much greater expense per unit of service delivered.

The sharp decrease in the electric revenues during the past few years and the probability, under the inequality of rates which has existed, of continuing reductions with consequent damage to the investors, has resulted primarily from this competition.

In view of these existing conditions, and other features surrounding the business of the respondent, including the practical and successful reduction of the value of service to the consumer by the competitor's lower rate, the Commission found that the charges under investigation although not producing an excessive or even fair return on the investment, were in some respects unreasonable, and not such as to ultimately produce the greatest use of the service by the consumers, or yield the greatest return to the investors in the property. Under these findings rates for residence lighting and commercial power were ordered.

The Commission now further finds that these conditions apply with equal force to the present commercial lighting rates and that insofar as the present schedule differs from that hereinafter set forth, such rates are unreasonable. The following commercial lighting rates will reduce to a minimum the effect of the elements hereinbefore discussed, and under the particular conditions surrounding the business are just, reasonable and not unjustly discriminatory, either in themselves or in comparison with other rates established for this utility.

It must be borne in mind that the following schedule is designed to meet purely local conditions. A peculiarity of expression has been introduced in the allowance of a discount of one cent per kilowatt hour for a certain block of energy under the secondary rate. We believe the rate is correct in principle and the inclusion of this provision overcomes, without affecting the equitable application of charges, inequalities which arise from existing competitive conditions.

#### COMMERCIAL LIGHTING AND HEATING RATE

For lighting and heating purposes in stores, offices, warehouses, shops, hotels and all other commercial and industrial premises, including apartment houses supplied under single contract:

First 100 hours use per month of the consumers' demand will be at the primary rate.

All consumption in excess of that of the primary rate will be at the secondary rate.

**Primary Rate:**

First 13 kilowatt hours or less.....	\$1.00	
Next 67 kilowatt hours.....	.07	per kwh.
Next 100 kilowatt hours.....	.06	per kwh.
Next 720 kilowatt hours.....	.05	per kwh.
Excess over 900 kilowatt hours.....	.04	per kwh.

**Secondary Rate:**

First 600 kilowatt hours.....	.03	per kwh.
Next 1,000 kilowatt hours.....	.02	per kwh.
Next 2,000 kilowatt hours.....	.01½	per kwh.
Excess over 3,600 kilowatt hours.....	.01	per kwh.

A discount of 1c per kilowatt hour will be given on that portion of the consumption billed at 3c per kilowatt hour which is in excess of a total monthly consumption of 600 kilowatt hours.

**Discount for Prompt Payment:**

Discount of 5 per cent will be given for payment within ten days from the date of the bill.

**Minimum Charge:**

One dollar per month per kilowatt of all lighting equipment and of all heating, cooking and power equipment in excess of two kilowatts of rated capacity.

No heating, cooking or power appliances will be considered in the determination of demand in the lighting rate, except insofar as it affects the minimum charge.

July 1, 1917, is a reasonable time within which to comply with the provisions of this order.

From a full consideration of the foregoing findings and in view of the entire record before the Commission,

IT IS NOW ORDERED, CONSIDERED, AND DETERMINED that on or before July 1, 1917, the respondent, the Portland Railway, Light & Power Company, discontinue its present rates hereinbefore found unreasonable and substitute therefor the rates found, under the conditions now surrounding the operation of the utility to be just, reasonable, and not unjustly discriminatory; and that at least three days before the effective date thereof the respondent file with this Commission tariffs providing rates so ordered.

CITY OF GRANTS PASS,	Plaintiff,	}	No. U-F-26
v.			
CALIFORNIA-OREGON POWER Co.,	Defendant.	}	No. U-F-97
CITY OF MEDFORD,	Plaintiff,		
v.		}	No. U-F-99
CALIFORNIA-OREGON POWER Co.,	Defendant.		
CITY OF KLAMATH FALLS,	Plaintiff,	}	No. U-F-150
v.			
CALIFORNIA-OREGON POWER Co.,	Defendant.	}	
CALIFORNIA-OREGON POWER Co.,	Plaintiff,		
v.		}	
CITY OF GLENDALE, et al.,	Defendant.		

(ORDER ENTERED JULY 16, 1917—P. S. C. Order No. 211)

These four cases involve the fixing by the Commission of just, reasonable and not unjustly discriminatory rates, rules and regulations in connection with the utility operations of the California-Oregon Power Company. The complaints, in their essential elements, differ only in the territory involved, and taken together cover the entire system of the utility in the State of Oregon. The

complaint of the City of Klamath Falls, U-F-99, covers both electric and water service; the remaining cases with the exception of a small irrigation business at Tolo, involve only electrical operations.

Case U-F-150 was brought by the utility after the initial hearing on the other three complaints, and simply extends the scope of the inquiry to include the entire schedule of rates maintained by the company.

Owing to the close relation between them, and for convenience in hearing, these cases were consolidated, and a single order will be issued covering jointly all the elements involved.

Public hearings on the questions involved were held at Salem, Grants Pass, Medford and Klamath Falls, at which the following appearances were entered:

*Appearances:*

For California-Oregon Power Company: A. C. Hough, Kuykendall & Ferguson, H. H. Phleger, Morrison, Dunne & Brobeck.

For the City of Grants Pass: G. W. Colvig, H. D. Norton.

For the City of Medford: B. R. McCabe.

For the City of Gold Hill: J. R. B. Morelock.

For the city of Klamath Falls: Rollo C. Groesbeck.

To aid the Commission in its investigation of the subject matter, certain information was considered necessary, and following its usual practice in cases of this character, the utility was required to make full return as to the following items:

*Capitalization:* (As of June 30, 1913.)

The amount of authorized, subscribed or issued capital stock of the company; the sums paid and the amounts yet payable thereon; the manner of payment therefor, whether in cash or in property, and the cash or property received therefor.

The amounts of issued and outstanding funded and unfunded indebtedness of the company, whether bonds, debentures, notes or accounts; the dates and maturity thereof; the rate of interest thereon and security therefor; the cash or property realized therefrom and how paid; and the discounts and commissions paid thereon.

The amounts paid and payable to the state or any municipality on account of any franchise or privilege, other than the right to be a corporation.

Copies of all municipal franchises or privileges held by the company.

*Value of Property:*

Inventory of all property used or useful for the service of the public in any class of railroad or public utility service. Such inventory should show in detail:

The date as of which the inventory is made.

Classes of units of construction, material or property and number of such units in each class, together with such description of each as to localize and identify the same.

The character of public service in which each unit of such property is used.

The original cost of each unit, if known.

The amount of money it would require to replace in kind each unit in normal new and usable condition.

The physical condition and condition as to utility of each unit, and the amount of depreciation or appreciation, if any, compared with normal new and usable condition of each unit.

The present value of each such unit.

The quantity, character, kind, location and value of all other property owned by the company, not used or useful in the service of the public as a public utility or railroad.

There should also be submitted a statement showing how much of the total property represented by the inventory hereinbefore called for is due to the demand of the customers of the utility, and how much due to the production and distribution of the utility product, or common to both customers demand and production and distribution, detailed by classes or public service afforded.

**EARNINGS AND EXPENSES DURING TWELVE MONTHS ENDING  
JUNE 30, 1913**

A statement showing in detail the sources and amounts of all revenues of the company, both from operation of its business as a railroad or public utility, and from all other sources. The statement should be in such detail as to show:

The character of the service from which the revenue is derived.

In case of revenue from utility service:

The locality from which derived.

The revenue derived from each class of customers and services in the published tariffs of the company.

Special contract customers and the revenue derived from each, and the revenue which would have been derived from each had their service been charged at the published tariff rates of the company.

The total units of production and consumption resulting in revenue by classes of service and classes of customers as above.

The average number of each class of customers during such year and total number in each class on June 30, 1913.

The intent of such statement is to develop the revenue derived from each class of customers and the number of customers and products represented by such revenue by localities as well as by classes of service.

A statement showing in detail the total expenses of the company due to the operation of its public service business (including general expenses,) classified as to the character of the service and (in the case of expenses due to public utility operation) localized as to the community served, wherever possible. If such expenses or any thereof can not be so localized and classified, that fact should be stated and an apportionment be made as between the classes of service and localities served, and the basis for such apportionment should be stated. Sufficient explanation should be given to show the nature and contents of each account. This statement should also show what items of expense are due to customers' demands, and how much is due to production and distribution of products, or common to both. It is desired such statement shall disclose the actual cost of operation (including general expenses) due to each class of public service business, and to each class of customers.

A statement as to the expenses of the company due to operations other than the public service, and expenses independent of operations, in detail as above.

**FIXED CHARGES DURING THE TWELVE MONTHS ENDING JUNE 30, 1913,  
IN DETAIL**

The amounts of taxes paid, and the class of property upon which assessed, and the locality where paid.

The amount of license and privilege taxes and fees paid.

The amount of interest on the funded and unfunded debt of the company accrued, and the amount paid.

The amount of depreciation or appreciation accrued, and the amount charged or credited, and the disposition made of any fund or moneys representing depreciation or appreciation.

The dividends declared and dividends paid on any of the capital stock of the company, rate and amount thereof.

The amount and character of any other fixed charges, adjustments, amortizations or funds.

**General Balance Sheet:**

General balance sheets of the company's business as of June 30, 1912, and June 30, 1913.

A return, as full and complete as the available records of the present and its predecessor companies and an exhaustive independent investigation would permit, was made by the utility, and is of record in this proceeding. This return was checked and supplementary exhibits prepared and introduced by the Commission's engineering and accounting departments. The Commission has personally inspected both the Oregon and California properties of the company.

In its investigation the Commission has had the full, free and hearty cooperation of the various municipal authorities, and of the utility, and the record is as complete as could be made under the circumstances.

The underlying theories and methods employed by the Commission in investigations of this character have been fully set forth in former cases and need not again be discussed. See *Campbell v. Hood River Gas & Electric Co.* Ninth Annual Report P. S. C. Or. p. 63, P. U. R. 1915 D. 855; *Preliminary Findings re Portland Railway, Light & Power Co.*, Tenth Annual Report, P. S. C. Or. P. U. R. 1916 D. 977; and *Final Findings of Value re Portland Railway, Light & Power Company*, P. U. R. 1917, as typical. In the interest of brevity, the Commission will confine itself to a mere statement of such facts as are deemed pertinent and no elaboration nor discussion will be entered into except as the subject seems to demand in this case.

## FINDINGS

### *Preliminary:*

The complaining cities are municipal corporations of the State of Oregon who have brought their complaints by appropriate action of their respective city councils.

The California-Oregon Power Company is a public utility within the meaning of the Public Utility Act of the State of Oregon, Laws of 1911, Chapter 279.

This company occupies and furnishes with general electric light and power service territory in Southern Oregon and Northern California which falls naturally into three operating divisions—the Rogue River division, including that part of the system lying in Josephine, Jackson and Douglas counties, in Oregon; the Klamath division, including Klamath county, Oregon; and the Siskiyou division in California.

In its Klamath division the company also serves the city of Klamath Falls, and in its Siskiyou division the city of Dunsmuir with water for domestic, commercial and municipal purposes. At its Gold Ray plant in the Rogue River division the company maintains a small pumping system, by means of which water is furnished for irrigation purposes in that vicinity.

The electrical plant of the company in Oregon consists of hydro-electric generating stations at Prospect and Gold Ray, on the Rogue River, and two plants on Link River, in Klamath Falls. It also has similar generating stations in California at Fall Creek and Shasta River, and in addition to these operating units has under construction a 40,000 kilowatt plant at Copco, on the Klamath River in California. All generating stations are connected in parallel by high tension transmission lines which reach main substations and distribution systems as follows:

## OREGON

### *Rogue River Division:*

Medford, Central Point, Gold Hill, Grants Pass, Jacksonville, Rogue River, Phoenix, Tolo-Gold Ray, Prospect, Grave Creek, Wolfcreek, Glendale, Eagle Point, Talent.

### *Klamath Division:*

Klamath Falls, Bonanza, Merrill.

## CALIFORNIA

### *Siskiyou Division:*

Hornbrook, Montague, Yreka, Fort Jones, Greenville, Etna, Gazelle, Edgewood, Weed, Sisson, Dunsmuir, Castella, Dorris, Carrville, Trinity Center.

From these main distribution points, electric service is furnished both city and rural customers. In the Rogue River division wholesale energy is supplied the city of Ashland.

### *History of Utility System:*

California-Oregon Power Company was incorporated under the laws of the State of California, December 9, 1911. By its articles of incorporation its duration is fifty years and the usual powers as to water supply, electric power and gas utility operations are assumed.

The utility system, which was taken over immediately after the incorporation of this company, is the result of the consolidation of previously existing utility projects. So far as the two Oregon divisions are concerned the family tree of the utility is as follows:

The water utility at Klamath Falls follows the same chain as the electric utility at that place.

When this proceeding was initiated, the Ashland Electric Power & Light Company, which owned and operated a distribution system in Ashland, Oregon, in competition with a municipal utility, was controlled through stock ownership by the California-Oregon Power Company. This distribution equipment has since been conveyed to the parent company, and on November 18, 1915, was leased to the city of Ashland for a period of three years, with an option for purchase by the city at any time during the life of the lease.

The corporate balance sheet immediately subsequent to the organization of the company shows the following capital liabilities as of March 16, 1912.

Capital stock.....	\$10,000,000.00
First and refunding mortgage bonds.....	5,600,000.00
Underlying bonds .....	2,082,000.00
	<hr/>
	\$17,682,000.00
Against which is credited for bonds deposited in escrow for exchange of underlying bonds.....	\$ 2,082,000.00
	<hr/>
	\$15,600,000.00

The manner in which these capital liabilities were created thus appears from the opening entries in the books of account of the company:

Capital stock:	
Sundry minor subscriptions .....	\$ 500.00
Purchased properties .....	9,999,500.00
	<hr/>
Total .....	\$10,000,000.00

First and Refunding Mortgage Bonds:	
Issued for purchase of properties.....	\$ 1,000,000.00
Issued for Siskiyou Electric Light & Power Company contract .....	2,518,000.00
Escrow to secure exchange of underlying bonds.....	2,082,000.00
	<hr/>
Total .....	\$ 5,600,000.00

Underlying Bonds:	
Siskiyou Electric Power Co.....	\$ 135,000.00
Siskiyou Electric Power & Light Co.....	865,000.00
Rogue River Electric Co.....	680,000.00
Klamath Power Co.....	402,000.00
	<hr/>
Total .....	\$ 2,082,000.00

Bond Security Account:	
2,082 California-Oregon Power Company bonds \$2,082,000.00, in escrow to exchange same for outstanding underlying bonds .....	\$ 2,082,000.00

The capital stock of the California-Oregon Power Company consists of 100,000 shares of common stock of the par value of \$100.00 each. Of this amount on December 31, 1916, \$8,283,000.00 was outstanding, the remainder being held in the treasury.

The bonds of this utility consist of an authorization of \$10,000,000.00 first and refunding 5 per cent 40 year gold bonds, of which, on December 31, 1916, there had been issued and was outstanding \$5,600,000.00. The remainder of the authorized issue has never been certified although provision is made in the trust deed for the certification and delivery of bonds by the trustee to the power company, or its order, in, or to aid in acquiring or providing for 85 per cent of the cost of betterments or extensions to the property of, and the acquisition of new property for, the California-Oregon Power Company.

The trust deed provides for the accumulation of a sinking fund commencing with the year 1917. The annual contributions to the fund are to increase from

one-half of one per cent of the aggregate amount of bonds issued and outstanding during the years 1917 to 1921, inclusive, to ten and four-tenths per cent for the years succeeding 1949.

Of these contributions 75 per cent is to be expended for the redemption and retirement of bonds, and 25 per cent is a special trust fund to be applied on account of the cost price of betterments or extensions, or the acquisition of new properties to the full amount of the cost thereof. Amounts not expended remain in the sinking fund.

Of these outstanding bonds, \$2,082,000.00 was originally deposited with the trustee to be exchanged for underlying bonds. The remaining \$3,518,000.00, under the provisions of the trust deed, were certified and delivered by the trustee to the California-Oregon Power Company for the purpose of paying for the acquisition, and the construction, completion, extension and improvement of certain properties, now a part of this system.

Of the original deposit of \$2,082,000.00 to be exchanged for underlying bonds, there remained on December 31, 1916, \$1,179,000.00 covering the following underlying bonds then outstanding:

Rogue River Electric Co.....	\$ 646,000.00
Siskiyou Electric Power Co.....	135,000.00
Siskiyou Electric Power & Light Co.....	53,000.00
Klamath Power Company.....	345,000.00
<b>Total .....</b>	<b>\$1,179,000.00</b>

A brief discription of the underlying issues follows:

Rogue River Electric Co.—Dated July 1, 1907. First mortgage 5 per cent 30 year sinking fund gold bonds; aggregate amount \$700,000.00; redeemable at 105 per cent and accrued interest. Of this issue \$680,000.00 was outstanding when the system of the Rogue River Electric Co. was acquired by the California-Oregon Power Co.

Siskiyou Electric Power Co.—Dated December 1, 1902. Five per cent gold bonds; aggregate amount \$200,000.00. The trust deed requires a sinking fund of two per cent of the outstanding bonds annually, which is to be applied in the cancelation of bonds commencing with January 5, 1908, at a price to be fixed upon bids, but not to exceed 106 per cent.

Siskiyou Electric Power & Light Co.—Dated May 1, 1908. First and refunding mortgage 5 per cent 30 year sinking fund gold bonds; aggregate amount \$1,000,000.00. Sinking fund provision requires annual contributions increasing from two per cent of the outstanding bonds during the years prior to 1918, to four per cent for the years from 1923 to 1927, inclusive, and thereafter all further sums necessary to pay principal and interest in 1938. The issue is redeemable at 105 per cent commencing March 15, 1918, and consists of two classes of bonds as follows, neither of which has preference:

Class A Bonds, A 1- 900, each \$1,000.00.....	\$900,000.00
Class B Bonds, B 1-1,000, each 100.00.....	100,000.00

Klamath Power Co.—Dated April 1, 1911. First mortgage 6 per cent 20 year gold bonds; aggregate amount \$500,000.00, of which \$402,000.00 has been issued. The trust deed provides for the creation of a sinking fund for the payment to the trustee of certain sums commencing June 1, 1916. Bonds redeemable at 105 per cent. Four hundred and two thousand dollars was outstanding at the date of the acquisition of the property by the California-Oregon Power Company, of which \$57,000.00 was surrendered and canceled June 12, 1913.

#### *Stock Assessments:*

As will be shown by the balance sheet hereinafter set forth, assessments on the capital stock of this utility, aggregating \$3.30 per share have been levied. These assessments were made by appropriate action of the corporation pursuant to the statutes of the State of California, and the proceeds therefrom have been and are being applied in additions to the utility system.

#### *Value of Stocks and Bonds:*

Neither the stocks nor the bonds of this company are currently quoted upon the market, nor does the record contain any testimony relative to their value, and it is impossible to make a finding in regard thereto.

**Original Cost:**

It has been the practice of the Commission in dealing with original cost to ascertain if possible (1) the cost of the property as of the time it was put in service, and (2) the cost to the present investors.

As has before been stated, this property is the result of various consolidations. Complete records of the predecessor companies are not available for examination, and it is impossible, without the use of estimates, to determine the cost of the property as of the time it was put in service. Estimated original costs covering properties that have been in existence as long as portions of the one here under consideration are, of necessity, highly speculative, and in the absence of reasonably authentic records upon which to base its findings, the Commission deems an attempt to ascertain such original cost so fraught with uncertainties as to be unjustified.

It is also evident from a study of the history of this utility that the ascertainment of the original cost to the present investors is impracticable.

**Reproduction Cost of the Properties:**

Pursuant to the request for information heretofore set forth, the company prepared and submitted an inventory and appraisal of its property, purporting to show the reproduction cost new, the amount of accrued depreciation, and the reproduction cost less depreciation, together with the age of each unit installed, and various detail showing the method of developing the unit costs and overhead allowances. Supplementing this information, the utility also submitted calculations intended to show the value of its water rights and the cost of developing its business.

The Commission's engineers checked the inventory submitted, and the quantities therein set forth were found to be substantially correct. With this as a basis, an independent appraisal was prepared, covering all physical property except land and its appurtenant water rights. The differences in the two appraisals are shown in the following summary.

**ROGUE RIVER DIVISION—ELECTRIC**

	Commission's Engineers		Utility's Engineers	
	Reproduction Cost New	Reproduction Cost Less Depreciation	Reproduction Cost New	Reproduction Cost Less Depreciation
Right of way clearing....	\$ 17,031.00	\$ 17,031.00	\$ 17,031.00	\$ 16,610.00
Structures .....	442,562.00	394,379.00	514,458.00	449,625.00
Production equipment .....	153,115.00	124,934.00	173,881.00	136,608.00
Transmission equipment .....	231,134.00	182,220.00	242,504.00	188,423.00
Distribution equipment .....	297,151.00	248,127.00	346,409.00	289,028.00
Utilization equipment .....	15,498.00	13,312.00	15,830.00	13,599.00
General equipment .....	13,138.00	7,466.00	8,688.00	8,653.00
Working capital .....	35,000.00	35,000.00	59,033.00	59,033.00
Undistributed construction expense .....	191,693.00	163,163.00	283,244.00	236,571.00
Intangible capital .....	35,000.00	35,000.00	.....	.....
Land .....	.....	.....	88,330.00	81,850.00
Medford office building .....	.....	.....	52,240.00	49,106.00
Contractor's profit .....	.....	.....	36,776.00	33,193.00
Overhead charges .....	.....	.....	27,072.00	24,007.00
Miscellaneous .....	.....	.....	28,431.00	27,031.00
<b>Totals .....</b>	<b>\$1,437,322.00</b>	<b>\$1,220,632.00</b>	<b>\$1,893,927.00</b>	<b>\$1,613,337.00</b>
<b>Rogue River Division— Water utility .....</b>	<b>29,980.00</b>	<b>23,984.00</b>	<b>29,980.00</b>	<b>23,984.00</b>



## KIAMATH DIVISION—ELECTRIC

	Commission's Engineers		Utility's Engineers	
	Reproduction Cost New	Reproduction Cost Less Depreciation	Reproduction Cost New	Reproduction Cost Less Depreciation
Right of way clearing....	\$ 751.00	\$ 751.00	\$ 751.00	\$ 751.00
Structures .....	28,156.00	22,590.00	31,376.00	27,155.00
Production equipment .....	28,051.00	22,473.00	31,526.00	24,749.00
Transmission equipment .....	85,988.00	74,081.00	93,274.00	79,640.00
Distribution equipment .....	59,267.00	47,028.00	66,599.00	52,456.00
Utilization equipment .....	1,184.00	1,002.00	1,184.00	1,002.00
General equipment .....	1,318.00	1,318.00	1,318.00	1,318.00
Working capital .....	9,000.00	9,000.00	8,982.00	8,982.00
Undistributed construction expense .....	30,854.00	25,444.00	47,465.00	39,495.00
Intangible capital .....	5,600.00	5,600.00	.....	.....
Land .....	.....	.....	16,602.00	16,949.00
Overhead charges .....	.....	.....	9,124.00	7,897.00
Miscellaneous .....	.....	.....	8,087.00	7,218.00
Totals .....	\$ 250,169.00	\$ 209,287.00	\$ 316,288.00	\$ 267,612.00

## KLAMATH DIVISION—WATER

	Commission's Engineers		Utility's Engineers	
	Reproduction Cost New	Reproduction Cost Less Depreciation	Reproduction Cost New	Reproduction Cost Less Depreciation
Structures .....	\$ 14,115.00	\$ 10,150.00	\$ 16,306.00	\$ 14,163.00
Water supply equipment .....	12,732.00	9,487.00	14,096.00	11,614.00
Distribution equipment .....	76,168.00	64,134.00	79,137.00	67,532.00
General equipment .....	392.00	392.00	392.00	392.00
Working assets .....	5,700.00	5,700.00	7,408.00	7,408.00
Intangible capital .....	2,000.00	2,000.00	.....	.....
Undistributed construction expense .....	16,544.00	13,515.00	23,086.00	19,677.00
Land .....	.....	.....	29,333.00	29,333.00
Water rights .....	.....	.....	2,100,266.00	2,100,266.00
Development cost .....	.....	.....	39,905.00	34,013.00
Totals .....	\$ 127,651.00	\$ 105,378.00	\$ 2,309,929.00	\$ 2,284,398.00

It will be noted from the foregoing statement that the estimates made by the engineers for the Commission, aside from the exclusion of land and water rights made no allowances for certain other items claimed by the utility.

The reproduction cost new figures submitted by the utility are stated by its experts to be estimates based on unit prices taken from original invoices wherever possible, and upon assumed prices where such invoices were not available. It is explained that no attempt was made to locate the original invoice for each particular unit, except for such large items as generators and waterwheels, but that from the available records the latest invoice was chosen, and the price shown therein, after the addition of necessary allowances for freight, cartage, labor, etc., was applied to each similar unit covered by the inventory.

The corresponding figures submitted by the engineers for the Commission were based on unit costs derived from a study of price fluctuation and normal trend of market over a period of years extensive enough to eliminate the unbalancing effect of momentary or abnormal conditions. In making this study, the engineers analyzed numerous original invoices showing prices paid by the utility in recent years, and supplemented this information with a similar study of quotations to and prices paid by other utilities in the state of Oregon over a like period. Access was also had to the Commission's files of cost data, current price lists and discount sheets.

When adjustments have been made for the difference in scope of the two estimates, the remaining discrepancies are traceable, in a large degree, to differences of opinion and judgment between the engineers. Such differences are generally found to exist between experts, and as they vary with each investigation, and involve no questions of theory, they need not be further discussed here. It is sufficient to say that when such differences are located, and the contentions of the respective experts clearly placed before the Commission, the engineers have fulfilled their duty, and it remains for the Commission to exercise its judgment and discretion in the final determination.

#### *Nonoperating Property:*

The question of the propriety and necessity of placing a value upon nonoperating property owned by a utility company has received much consideration at various times in connection with numerous investigations. Since the Commission exercises jurisdiction only over the rates, service and practices of public utilities, and is not empowered with control over the issuance of stocks and bonds, or the fixing of values for taxation, sale or exchange purposes, it is obvious that the value contemplated by the statute should be determined for use primarily in inquiries regarding rates and such other matters of regulation as are directly connected therewith. In inquiries of such nature the value of the nonoperating property has a collateral rather than a direct bearing. Particularly is this true in the present instance, where proper allocation of stock and bond issues, and the accurate ascertainment of original cost of the property is not possible. In some cases, the Commission has devoted considerable space in its findings and orders to a consideration of the value of this class of property. Such procedure has been prompted by the bearing of the nonutility property upon the elements of value to be determined, and the likelihood of its early requirement in the public service.

A portion of the water rights and considerable land and other tangible property owned by this company are not at this time actually used and useful for the convenience of the public, nor is there any indication of their immediate requirement for such use.

Considering the purpose of, and the conditions disclosed by the present investigation, no findings of value as to nonutility property will be made.

The Commission finds that of the property covered by the submissions of the utility, the following is not actually used and useful for the convenience of the public, and has excluded it from the findings as to the reproduction cost new, the reproduction cost less depreciation, and from the final findings of value hereinafter set forth:

The east one-half of the southeast quarter, and the southeast quarter of the northeast quarter of section 36, township 32 south, range 2 east of the Willamette meridian.....	120 acres
The west one-half of the northwest quarter and the northeast quarter of section 20, township 32 south, range 3 east of the Willamette meridian .....	240 acres
The south one-half of the southeast quarter, and the east one-half of the southwest quarter, and the southeast quarter of the northwest quarter of section 29, township 32 south, range 3 east of the Willamette meridian.....	200 acres
The northeast quarter and the west one-half of the southeast quarter of section 30, township 32 south, range 3 east of the Willamette meridian .....	240 acres
The southwest quarter of the southeast quarter and the northwest quarter of the southwest quarter of section 31, township 32 south, range 3 east of the Willamette meridian.....	80 acres
The northeast quarter, the southeast quarter of the northwest quarter, the north one-half of the southeast quarter, the southwest quarter of the southeast quarter, and the northeast quarter of the southwest quarter of section 1, township 33 south, range 2 east of the Willamette meridian .....	360 acres
The south one-half of section 10, township 33 south, range 2 east of the Willamette meridian.....	320 acres
The northwest quarter of the northwest quarter of section 15, township 33 south, range 2 east of the Willamette meridian.....	40 acres
The northeast quarter of the northeast quarter of section 16, township 33 south, range 2 east of the Willamette meridian.....	40 acres

The northwest quarter of the northeast quarter and the north one-half of the northwest quarter of section 20, township 33 south, range 2 east of the Willamette meridian.....	120 acres
The north one-half of the northwest quarter and the northwest quarter of the northeast quarter of section 12, township 33 south, range 2 east of the Willamette meridian.....	120 acres
The northwest quarter of the northeast quarter and the northeast quarter of the northwest quarter of section 6, township 33 south, range 3 east of the Willamette meridian.....	80 acres
The west one-half of the west one-half of section 10, township 41 south, range 4 east of the Willamette meridian.....	160 acres
A portion of sections 10 and 11, township 36 south, range 3 west of the Willamette meridian.....	330 acres
A portion of section 15, township 36 south, range 3 west of the Willamette meridian.....	79 acres
A portion of sections 22 and 23, township 36 south, range 5 west of the Willamette meridian.....	123 acres
Lots 5, 6 and 8 of section 6, township 40 south, range 7 east of the Willamette meridian.....	86 acres
Water Lot No. 12, town of Phoenix.	
Prospect store and hotel.	
Gold Ray clubhouse and contents.	
Four-room cottage at Klamath Falls.	
Idle turbine and governor at Klamath Falls.	
Such water rights as are not now put to a beneficial use.	

From a careful consideration of the record before it, the Commission now makes the following findings as to the reproduction cost new and the reproduction cost new less depreciation of the Oregon properties of the California-Oregon Power Company, used and useful in the service of the public, as such property existed on December 31, 1916.

By the term "reproduction cost new," as used in this finding, is meant the amount of cash or its equivalent, reasonably required to obtain the necessary real estate and reproduce in kind the other physical property of the utility in the condition in which it was when first put into public service. Included in these costs are certain estimated sums for overhead expenditures, such as engineering, legal expenses, interest during construction and the like, which do not inhere in the prices assigned to the various units. Development cost, water rights and working capital have not been included in the reproduction cost figures, but will be handled separately.

The "reproduction cost new less depreciation" is the result obtained by deducting from the reproduction cost new the amount which represents the reduction in value, due to the lessened life and impaired usefulness of the various items occasioned by past use, present age, obsolescence or inadequacy. In the determination of this accrued depreciation due consideration has been given to the actual physical condition of the unit, its present service condition, its probable expectancy of future life, its adequacy for furnishing service economically, and its salvage value.

	Reproduction cost New	Reproduction cost Less depreciation
<b>Electric Utility:</b>		
Rogue River Division.....	\$ 1,846,971.00	\$ 1,600,672.00
Klamath Division .....	293,292.00	249,431.00
Total .....	\$ 2,140,263.00	\$ 1,850,103.00
<b>Water Utility:</b>		
Rogue River Division.....	\$ 34,777.00	\$ 27,822.00
Klamath Division .....	167,090.00	145,135.00
Total .....	\$ 201,867.00	\$ 172,957.00
Grand total .....	\$ 2,342,130.00	\$ 2,023,060.00

**Water Rights:**

The company has four hydro-electric generating plants in Oregon, viz:

	Installed capacity
Prospect .....	3,750 kilowatts
Gold Ray .....	1,560 kilowatts
Klamath Falls, No. 1 .....	600 kilowatts
Klamath Falls, No. 2 .....	240 kilowatts
Total .....	6,150 kilowatts

In California it has two plants in operation, and one well under construction, as follows:

	Installed capacity
Fall Creek .....	2,750 kilowatts
Shasta River .....	360 kilowatts
Total .....	3,110 kilowatts
Copco (ultimate capacity) .....	40,000 kilowatts

On the question of the value of water rights at its Oregon plants, the company has presented elaborate computations showing the estimated saving in cost of service which might be accomplished by the present hydro-electric operation as compared with the operation of theoretical steam plants designed to produce an equivalent amount of power. These estimated savings have been capitalized to give theoretical values for the different rights aggregating \$2,115,205.

This theory, with slight changes in detail occasioned by local conditions, has often been advanced in this behalf. As an exact measure of the value of such property it is not entitled to consideration, and, at best, assuming that the fundamental principles are correct, the theory as developed can indicate only the maximum value that might be claimed for the right in question.

The very foundation of the theory disappears without a showing that steam generation is the next cheapest available source of power. Testimony was introduced at the hearing in regard to the availability of other water power with which to replace the service now furnished, and the Commission is not convinced that other sites do not exist at which the present service might be reproduced more cheaply than by steam generation.

Nor does the record show that the theoretical steam plants have been located at points most advantageous for their economical and efficient construction and operation, and the construction and operation of transmission and distribution lines throughout the territory served.

No attempt has been made to show that service by the several steam plants proposed in the development of this theory is more desirable or less expensive than service might be from a lesser number of developments, although it is axiomatic that greater economy is obtainable in the construction and operation of fewer and larger units.

Furthermore, the values derived from such computations differ so widely upon small changes in the variable elements introduced, such as the assumed cost of capital, cost of fuel, and freight rates, that their consideration is justified only for the general information which they may contain.

In addition to the water power rights, the company also owns, in Klamath Falls, a large spring which has been developed to furnish water for domestic, commercial and municipal purposes in that city.

As evidence of the value of this water right, the Company introduced computations designed to show the annual saving which might result from the use of this source of supply over the cost of similar service from what was claimed to be the next available source, a stream approximately 45 miles distant from the city. The saving thus estimated when capitalized amounted to \$2,200,266.

This calculation affords a splendid demonstration of the absurd results which may be obtained by the application of this familiar theory. At the date of this calculation the utility had 832 customers from a total population of approximately 5,000. The interest alone on the above capitalization would be \$227.19 per year for each customer.

In connection with this right also there is testimony as to the existence of other sources of water, and the showing is not conclusive that a nearer and cheaper supply can not be obtained than the one upon which the computation was based.

Furthermore, this Commission can not concede that any theory in connection with the valuation of water rights for either power or domestic purposes, is sound in principle which permits an individual, or group of individuals, to capitalize without limit a natural resource, and thus virtually deprive a community of all advantages arising from its proximity thereto.

In its capacity as a regulatory body, this Commission has had numerous computations submitted and theories advanced as to the value of water rights, many of them without equitable or practicable foundation. Under our present enlightenment it is apparent that the determination of water right values, at least for the purposes in which this Commission is interested, must rest upon the exercise of reasonable judgment and discretion in the consideration of all elements relevant thereto. If there have been sales of fairly comparable water rights, sufficient in number and under such circumstances as to establish fair market values therefor, we are impressed with the idea that this feature should receive serious and earnest attention. Artificial rules and formulae may produce figures which are of assistance in arriving at a fair and reasonable value, but segregated to themselves and standing alone, are of but little consequence.

In the present case no showing as to market value has been made, and in accord with the views expressed, the Commission has found a value for these rights, which it believes to be fair and equitable.

#### *Development Cost:*

Two calculations claimed to show the cost of developing the company's business in Oregon were submitted by the utility. No study of this element of value was made by the Commission's engineering department.

The calculations are based upon an accumulation of the amount by which the actual earnings of the business have failed to equal what would have been necessary to give the stockholders a fair return on their investment after proper deductions for operating expenses. The second and later calculation, upon which the utility relies, differs from the first only in the period of time covered. The figures in the first exhibit were based upon operations extending beyond the present organization, while those in the second cover only the period since the acquisition of the property by the present company.

The purpose of the computation under the theory outlined is to determine the sacrifice to the investor. It is contended in this claim that 9% is a reasonable return which the utility should be entitled to expect from the operation of this property, and that the investor has sacrificed the amounts represented by the difference between the actual earnings over the period covered and the amount necessary to return this 9% over and above operating expenses. In making this computation the utility's experts have taken, as the purchase price paid by the present stockholders, what they estimate represents the bonded indebtedness standing against the Oregon property at the time of its acquisition.

These bonds were sold at a discount, and, with that taken into consideration, yield less than 7% to their holders. We fail to see why the additional return claimed, amounting to more than 2%, can be said to represent a sacrifice of the investor.

However, aside from this feature, the calculation is subject to criticism. It is based primarily upon accrued deficits, which, after a considerable period of operation, the business has failed to overcome, and in view of the position formerly taken by this Commission can be considered only as an indication of certain facts bearing upon this element of cost.

In its Final Findings of Value re Portland Railway, Light & Power Co. supra, the Commission said, " \* \* \* the amount which this Commission will allow in a rate case for this element of value is that sum which represents the reasonable cost of attaching the normal business to a plant reasonably required to serve the territory covered. \* \* \* "

"It is apparent from this definition that a development cost is a necessary investment in every operated utility plant, irrespective of whether the results from its operations have been good or bad. Deficits, while they may be indicative of the period of development, and do have a more or less direct bearing upon the ascertainment of a proper allowance for development cost, are by no means conclusive as a measure of that allowance. Deficits may, and not infrequently do, result from the lack of development work. If no development expenses whatever were incurred, deficits would be a permanent feature of the utility's operations, and the greater the deficit, due to the

lack of development work, the greater the development cost would become under this accumulated deficit theory. Thus the interesting situation, to say the least, is presented that the less expense the utility incurs in developing its business, the greater claim it is entitled to make for a development cost. It must be conceded that many other elements must be considered, and that the problem is far greater than the mere calculation of the accumulated deficit. Theoretical calculations, based upon such formulae as have been presented are worthy of serious consideration, and may be of great assistance in determining a fair development cost, but they are not to be considered as conclusive as to its amount. It may be possible to evolve a formula which properly applied in a particular instance will give due consideration to all the elements which should receive attention, but such has not been presented in this case, nor has such a formula, as yet, come to the attention of this Commission. The question of the reasonableness of the allowance is of prime importance, and under its present enlightenment, the Commission is of the opinion that the determination of a proper allowance for development cost must rest upon the judgment and discretion of the determining body, after a full consideration of the history of the physical plant of the utility, and of its rates, results of operations, operating organization and attached business; the nature and size of the territory served, growth of population, and kind, number and general circumstances of its patrons; the general commercial conditions during the life of the plant, and during the ownership by the present investors; the terms of, and conditions under which transfers of ownership have occurred; the financial history of the plant; the progress of the art, and general attitude of the public toward its utility product; the competitive conditions, if any, and all other matters and things, which in the particular instance, may have a bearing upon the subject."

Such has been the course pursued in this case in arriving at the amount which the Commission considers to be just and reasonable, and which has been allowed in the final finding of value as hereinafter set forth.

#### **Working Capital**

In addition to the properties embraced in the reproduction cost estimates, the utility will reasonably require a certain amount of working capital, either cash or its equivalent, additional to stores and supplies on hand, which must be kept available for purposes of operation, including maintenance. It is manifest, for the purposes of this proceeding, no consideration need be given to the question of working capital for the nonutility operations of the respondent. An allowance for working capital, as here defined, will be made as follows:

Rogue River Division.....	\$50,000.00
Klamath Division.....	9,000.00
Klamath Falls Water Utility.....	6,500.00
<b>Total .....</b>	<b>\$65,500.00</b>

#### **Net Earning Power of the System:**

In the criteria of value laid down by the United States Supreme Court, in *Smythe v. Ames*, 169 U. S. 466, that court requires a consideration of "the probable earning capacity of the property under the particular rates prescribed." As this proceeding is one looking to the establishment of rates, it is apparent the only purpose of this requirement can be to direct attention to the earning capacity of the property under rates which have been charged for the purpose of throwing light upon the earning capacity of the system under other rates which may be proposed.

The subjoined comparative general balance sheet and income statement show, year by year, the financial affairs of the present company since its acquisition of this utility property.

## BALANCE SHEET, GENERAL AND COMPARATIVE, CALIFORNIA-OREGON POWER COMPANY

ASSETS	March 16, 1913	June 30, 1912	June 30, 1913	June 30, 1914	June 30, 1915	June 30, 1916
Plant account	\$15,478,650.00	\$15,520,233.76	\$15,735,407.70	\$15,847,786.39	\$15,965,802.02	\$16,029,118.19
Current						
Cash	.....	31,734.13	18,114.68	9,970.64	2,961.49	10,450.80
Notes and warrants receivable	.....	14,422.73	21,431.41	11,948.19	6,683.92	5,711.75
Due from customers	.....	38,433.81	53,182.84	61,688.31	81,384.99	64,115.83
Miscellaneous accounts receivable	.....	12,512.97	6,487.03	7,607.89	6,904.78	10,610.62
Merchandise	.....	28,618.10	25,656.12	36,843.76	29,636.88	37,866.22
Assessments on capital stock	40,850.00	.....	.....	.....	17,352.00	57,705.00
Advances insurance and taxes	.....	350.00	4,268.12	106.27	1,600.56	1,077.31
Uncompleted work orders	.....	6,171.61	38,622.18	63,406.32	15,136.22	44,939.67
Stocks of other companies	30,000.00	81,253.69	85,808.74	89,048.56	94,306.39	96,757.21
Organization expenses	500.00	500.00	500.00	500.00	500.00	500.00
Miscellaneous deferred charges	.....	.....	4,331.40	5,637.88	5,932.17	1,542.07
Bonds in escrow for exchange	2,082,000.00	1,499,000.00	1,206,000.00	1,200,000.00	1,193,000.00	1,193,000.00
Advances for investigation California and Oregon Commissions	.....	.....	.....	.....	.....	.....
Suspense	.....	.....	257.48	6,435.33	11,280.46	11,802.59
Treasury stock	.....	.....	.....	2,599.62	84.25	31,239.91
Corporate deficit	.....	.....	.....	.....	.....	8,512.90
Deficit shown by black-face figures.	\$17,682,000.00	\$17,233,320.80	\$17,163,838.34	\$17,342,779.17	\$17,425,653.15	\$17,782,301.35

Deficit shown by black-face figures.

## BALANCE SHEET, GENERAL AND COMPARATIVE, CALIFORNIA-OREGON POWER COMPANY

LIABILITIES	March 16, 1912	June 30, 1912	June 30, 1913	June 30, 1914	June 30, 1915	June 30, 1916
Capital stock	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
First and refunding mortgage 5% 40-						
year bonds	5,600,000.00	5,600,000.00	5,600,000.00	5,600,000.00	5,600,000.00	5,600,000.00
Underlying bonds	2,082,000.00	1,499,000.00	1,206,000.00	1,200,000.00	1,193,000.00	1,193,000.00
Current						
Notes payable		24,720.04	19,736.52	14,219.79	4,133.30	4,133.30
Vouchers payable		9,160.63	3,998.91	40,490.51	15,367.67	15,367.67
Payrolls		34,061.39	273,976.97	3,671.32	5,728.67	5,728.67
Miscellaneous accounts payable		46,250.86	2,166.66	2,166.66	3,084.07	3,084.07
Accrued bond interest			2,592.70	254.71	11.69	11.69
Taxes and insurance		3,912.07	4,444.77	6,483.18	13,336.11	14,806.54
Miscellaneous accrued interest		11,573.49	10,113.72	16,557.70	15,576.64	15,576.64
Pole line advances		1,286.75	1,591.15	2,329.05	2,953.15	3,437.40
Meter deposits			21,786.65	33,377.50	25,925.99	22,263.67
Service billed in advance				394,172.99	364,523.77	26,832.89
Siskiyou Electric Power and Light Co.					30,000.00	289,740.00
Assessments on capital stock			1,180.98	9,662.37	17,122.42	180,599.43
Depreciation reserve		477.09	423.65	411.46	1,475.66	1,313.92
Account losses			322.79	664.82	1,072.55	1,037.14
Other reserves		2,535.79	15,582.77	19,646.75	29,924.76	
Surplus		242.69				
Suspense						
	\$17,682,000.00	\$17,233,320.80	\$17,163,838.24	\$17,342,779.17	\$17,425,653.15	\$17,732,301.35

Deficit shown by black-face figures.



## CALIFORNIA-OREGON POWER COMPANY COMPARATIVE INCOME ACCOUNTS, ENTIRE PROPERTY

	Year Ending Dec. 31, 1912	Year Ending Dec. 31, 1913	Year Ending Dec. 31, 1914	Six Months Ending June 30, 1915	Year Ending June 30, 1916	Six Months Ending Dec. 31, 1916
Operating revenues .....	\$302,208.39	\$341,901.45	\$379,413.72	\$194,043.78	\$402,443.67	\$ 220,947.13
Operating expenses .....	125,390.46	155,669.63	150,161.05	72,869.77	328,403.96	208,516.99
Net operating revenue .....	\$176,817.93	\$206,231.82	\$229,252.67	\$121,174.01	\$ 74,039.71	\$ 12,430.14
Taxes assignable to operations .....	9,717.98	11,174.85	19,277.84	10,316.91	20,709.35	11,469.06
Uncollectible operating revenue .....	2,218.81	3,359.69	2,731.28	1,929.43	3,995.34	2,193.11
Operating income .....	\$164,881.14	\$197,057.53	\$206,243.55	\$108,927.67	\$ 49,335.02	\$ 1,962.03
Net nonoperating revenue .....	4,495.66	5,360.25	5,917.51	3,129.84	2,608.12	583.57
Total gross income .....	\$169,376.80	\$197,057.53	\$212,161.06	\$112,057.51	\$ 51,943.14	\$ 645.46
Deductions (Interest, etc.) .....	155,962.51	183,768.07	204,685.46	107,853.34	208,988.51	182,106.80
Net income or loss .....	\$ 13,414.29	\$ 13,289.46	\$ 7,475.60	\$ 4,204.17	\$187,045.37	\$ 182,755.96
Deductions from surplus .....	.....	4,435.59	4,312.28	.....	3,537.86	**93,472.09
Additions to surplus .....	.....	.....	289.11	.....	3,307.19	37,992.32
Surplus or deficit for year .....	\$ 13,414.29	\$ 8,853.87	\$ 3,452.43	\$ 4,204.17	\$187,376.04	\$ 238,235.03
Depreciation allowance, included in operating expenses .....	.....	7,813.04	9,309.38	.....	164,846.24	* 110,427.00

\* Depreciation for twelve months.

\*\* Contains large adjustments for tax and depreciation reserves, and bond interest accrual accounts.

Deficit shown by black-face figures.

**Value of the Property:**

Owing to the various concepts to which the term "value" has been applied, and the consequent confusion as to its precise meaning, the mere use of the word without definition is apt to be misleading. The term has been much discussed in its several phases, and it is clear that the elements to be considered differ with the purpose for which the value is sought to be fixed.

The value fixed by the Commission, therefore, is not to be taken as exchange value; neither is it a value which should be used in connection with taxation questions, nor the issuance of stocks and bonds. It is an expression in dollars of the aggregate of many factors, and represents what the Commission conceives to be the amount upon which the utility is entitled to base a claim for a return, and, on the other hand, the amount upon which, provided it requires the imposition of no rates which are in excess of the reasonable value of the service or are unjustly discriminatory, the rate payer should pay a return.

In order that the finding of value here made may be of maximum service in this investigation, it is necessary that the properties be classified and divided, first as to classes of service and then as to operating divisions. Such division has been made, and the Commission, from a full and careful consideration of the foregoing findings, in connection with the entire record before it, now determines that the value for rate making purposes, as above defined, of the utility property of the California-Oregon Power Company, in Oregon, actually used and useful for the convenience of the public, and including a due allowance for working capital, and stores and supplies, was, on December 31, 1916, as follows:

	Electric	Water
Rogue River Division.....	\$2,189,300.00	\$ 34,777.00
Klamath Division .....	314,962.00	178,135.00
Total.....	\$2,504,262.00	\$212,912.00

**Depreciation Annuity:**

The Commission is required by law in fixing the rates, tolls and charges to be paid by the public, to provide for a depreciation fund to be maintained by the utility for the purpose of keeping the property in a state of efficiency corresponding to the progress of the industry. This fund must be preserved and administered in conformity with rules to be prescribed by the Commission.

After making allowances for depreciation contingencies it is found that a depreciation annuity of \$65,114.00, divided between classes of service and operating divisions as follows:

	Electric	Water
Rogue River Division.....	\$49,841.00	\$31,285.00
Klamath Division .....	10,784.00	3,204.00

is necessary to comply with the mandate of the statute. An allowance will be made for such a sum in this case, which shall be set aside and carried in a depreciation reserve, and any funds available therefrom shall be expended in the manner contemplated by Section 17 of the Public Utility Act, and not otherwise, and shall be accounted for in the manner prescribed in the Uniform Classification of Accounts of this Commission.

This annuity contemplates the depreciable portion of this utility's plant as it existed on the date as of which the Commission's finding of value was made, and it follows, of course, that if additions and betterments are thereafter made to depreciable property, an additional amount should be set aside for such additions, improvements or betterments.

The utility will be allowed to exercise a primary discretion in the manner in which it will expend or invest such fund, but it will be required to submit to the Commission for approval any rules it may desire to adopt for such purposes, and will be required to conform to the Commission's Uniform Classification of Accounts in recording transactions concerning any portion of such fund.

**Rates:**

The present rate schedules of the utility represent the accumulation of various practices of the companies which, from time to time, have been consolidated, and finally merged into the present organization. No particular standard has been adopted, and, as a result, the company now maintains individual rate schedules for its different operating divisions, and in some cases distinct rates for various

localities or communities within the same division. For the sake of brevity these separate schedules will not be here quoted, but will be discussed generally as to particular features.

Examination of the tariffs now on file with the Commission discloses the fact that in the Rogue River division a considerable portion of the meter rates involve what is commonly known as the "step" principle, in which a customer is charged a single unit price for all consumption per month, the price depending upon the limits within which the consumption falls. The application of this principle makes it possible for two customers with equal installations, but varying consumptions of energy, to obtain identical monthly bills. In other words, the form of rates involves so-called "steps" at which it is possible for consumers to increase their use of energy with no additional charges. This design has long since been practically discarded on account of unavoidable and unjustifiable discrimination arising from its application, and is not recognized by this Commission as a theoretically or practically sound rate form.

The present schedules are otherwise deserving of adverse criticism, but the features which may be attacked are not such as to warrant a detailed individual analysis, and will be covered in the following general discussion of the rate question and in the determination of reasonable schedules under which the utility will be allowed to operate.

The ideal condition which should exist between the utility and consumer can be attained only with the furnishing of adequate service by the former at reasonable rates, and, conversely, the payment of a fair price by the latter for that which he demands of the utility. Equity entitles the utility to a fair return on money invested honestly, if it may be obtained without the assessment of unreasonable charges upon the consumer. The rate under which the consumer receives maximum advantages should, if it provides a proper return to the investor, ultimately prove the most beneficial to all parties concerned; and in this connection it is believed that the Commission should provide such rates as will permit and encourage the maximum use of the utility service and at the same time produce a fair rate of return on the necessary investment involved. The limiting conditions in this theory are that the rates to produce a fair return must not be above the value of the service rendered nor below the actual additional cost thereof, and that there shall be no unjust discrimination between individuals, classes of consumers, or communities.

An unfortunate fact often disclosed by close analysis of conditions surrounding a particular case is that rates designed to provide a fair rate of return on an investment, honestly and fairly made, will be too high to promote a free use of the utility product, and consequently will have a tendency to defeat the primary purpose of the charges. Such conditions arise naturally throughout the early development period of some undertakings, and throughout the entire lives of others which are built upon unsound foundations, or which have suffered from commercial reverses of the territory in which they operate.

One basic element to be considered in rate design is that the service may be of greater value to one class of consumers than to others. This feature must be given particular attention in the determination of schedules to produce equitable and satisfactory results. Except in cases involving developments for special purposes, it is not believed a violent assumption that in the natural constructive process, the most attractive business, to which the service is of greatest value per unit, will be sought first, and particular stress laid upon its development. In the average case, this may also be the primary factor which induces the undertaking.

With the high class business attached to the system at rates reasonable in comparison with the value of the service given therefor, additional service may be extended to other use at lower rates—necessarily less on account of the lower value of the service—which may approach, but should in no case go below, the actual additional cost of providing that service. The acquisition of such business, especially if it be served by facilities already used for other purposes, and at a time when such facilities are idle, may be accomplished at rates considerably above the additional cost incurred and under such conditions will tend to decrease the average unit cost of energy to all classes previously served. Low value business thus becomes an attractive asset, and its promotion, under these conditions, a benefit to all consumers. This appears to us to be a fundamental principle in the development of utility business, and one which, if neglected, may retard the progress of any enterprise.

Proper consideration must also be given to the distinction between costs incident to customers, as such, those attached directly to the quantity of product delivered and fixed costs or those such as interest, etc., which occur without regard to the volume of product delivered by a given plant or the number of customers connected thereto. The latter group especially in hydro-electric operations comprises a large percentage of total annual cost of service and its equitable distribution among consumers, together with proper consideration of purely customer costs, is a prime necessity if the rate is to be satisfactory to the consumer and at the same time produce the desired return.

Diversity factors in individual installations and between classes of consumers, and also probable load factors enter into the rate designs to a degree which precludes discussion at this time.

The present revenues of the company have been analyzed and the possibility of fixing rates to provide an adequate return upon the property has been fairly considered. An income statement by divisions and classes of service for the year ending June 30th, 1916, is hereafter set forth. This statement as shown in the records is based upon a purely geographical distribution of expenses and contains no allowance for depreciation.

The so-called "home office" expenses as indicated are incurred in San Francisco headquarters and have been arbitrarily distributed to different departments and divisions in the ratio of all electric and one-half the water expenses, in each department or division, to the total of all electric and one-half water expenses for the entire system. The responsibility of the water department has thus been reduced in comparison with the electric, on the belief that, although exercising general supervision of the entire utility property and operations, the home office exerts particular effort toward the maintenance, extension and coordination of electric service throughout the territory.

CALIFORNIA-OREGON POWER CO.  
INCOME ACCOUNTS—YEAR ENDING JUNE 30, 1916

Class of Service	Rogue River Division	Klamath Division	Stikivou Division	Entire System
<i>Operating Revenues—Electric Department:</i>				
Municipal street lighting—arc	\$ 2,772.00	\$ 3,578.32	\$ 3,133.25	\$ 2,772.00
Municipal street lighting—incandescent	10,452.56	613.36	3,192.95	17,144.63
Municipal lighting—miscellaneous	1,308.23	342.06	2,091.82	17,805.91
Municipal power	7,498.97	20,110.35	52,333.28	42,148.28
Commercial lighting—flat rate	70,062.50	18,542.36	7,338.93	86,112.50
Commercial lighting—metered	28,017.86	8,243.22	20,553.42	53,006.39
Commercial power—flat rate	20,823.82	15,231.29	57,705.17	56,914.50
Commercial power—metered	949.00			93,706.28
Railway power	7,211.22			949.00
Other electric utilities		50.00		7,211.22
Miscellaneous electric revenues	1,161.44	310.84	1,773.90	50.00
Other revenues from operation				3,246.18
Total	\$ 150,734.60	\$ 64,027.14	\$ 151,482.55	\$ 366,244.29
<i>Operating Revenues—Water Department</i>				
Commercial sales—flat rate	\$ 431.60	\$ 16,312.21	\$ 9,314.10	\$ 26,057.91
Commercial sales—metered		5,034.94	52.05	5,086.99
Industrial sales—flat rate		149.40		149.40
Industrial sales—metered		568.40	6.00	574.40
Municipal hydrant rentals		2,287.92	272.55	2,560.47
Street sprinkling		70.70	27.60	98.30
Municipal departments		283.65	12.00	281.65
Irrigation		1,774.30	15.00	1,789.30
Miscellaneous revenue from operation		33.18	32.24	65.42
Total	\$ 431.60	\$ 26,500.70	\$ 9,731.54	\$ 36,663.84
All departments	\$ 151,166.20	\$ 90,527.84	\$ 161,214.09	\$ 402,908.13

	Rogue River Division	Klamath Division	Shastaville Division	Entire System
<i>Operating Expenses—Electric Department:</i>				
Production expense.....	\$ 9,503.64	\$ 3,849.54	\$ 6,781.25	\$ 20,134.43
Transmission expense.....	5,847.37	1,803.52	8,080.57	15,531.46
Transformation and storage expense.....	1,429.88	1,125.59	4,005.11	5,547.58
Distribution expense.....	7,424.64	3,978.76	7,517.70	18,921.10
Commercial utilization expense.....	2,377.63	18.34	986.08	3,382.65
Municipal utilization expense.....	2,422.33	646.42	680.12	3,748.87
Commercial utilization expense.....	15,084.04	2,299.37	6,160.13	23,544.04
General and miscellaneous expense—localized.....	11,825.95	2,169.04	6,598.40	20,593.39
General and miscellaneous expense—home office.....	12,533.31	3,353.38	9,345.00	25,231.69
Undistributed expense.....	5,290.88	1,452.53	4,670.24	11,413.65
Total .....	\$ 73,539.67	\$ 19,684.59	\$ 54,324.60	\$ 148,048.86
<i>Operating Expenses—Water Department:</i>				
Water supply expense.....		\$ 7,482.93	\$ 563.75	\$ 8,308.06
Distribution expense.....	\$ 254.38	1,406.13	624.01	2,089.14
Commercial expense.....		997.72	1,416.36	2,413.07
General and miscellaneous expense—localized.....		1,008.16	262.26	1,280.41
General and miscellaneous expense—home office.....	26.14	1,119.74	293.30	1,439.18
Total .....	\$ 280.52	\$ 12,020.68	\$ 3,148.66	\$ 15,449.86
All departments.....	\$ 73,820.19	\$ 31,705.27	\$ 57,973.26	\$ 163,498.72

## CALIFORNIA-OREGON POWER CO.—Continued

	Rogue River Division	Klamath Division	Stark Division	Entire System
<i>Taxes Assignable to Operations:</i>				
Electric department.....	\$ 9,129.78	\$ 2,822.46	\$ 7,311.21	\$ 19,263.45
Water department.....	.....	999.70	446.20	1,445.90
All departments.....	\$ 9,129.78	\$ 3,822.16	\$ 7,757.41	\$ 20,709.35
<i>Uncollectible Operating Revenue:</i>				
Electric department.....	\$ 1,500.02	\$ 639.72	\$ 1,497.08	\$ 3,636.82
Water department.....	.....	262.09	96.43	358.52
All departments.....	\$ 1,500.02	\$ 901.81	\$ 1,593.51	\$ 3,995.34
<i>Operating Income:</i>				
Electric department.....	\$ 66,565.13	\$ 40,880.37	\$ 87,848.86	\$ 195,294.36
Water department.....	.....	133.08	5,740.25	19,092.56
All departments.....	\$ 66,698.21	\$ 54,099.60	\$ 92,589.11	\$ 214,386.92

NOTE.—No depreciation allowances have been included in this statement.

\* Taxes and uncollectible revenue of Tolo water operations included with electric department.

For most efficient and economical operation all divisions as stated before, are linked together with transmission lines and operated as a unit. On account of the inequality of general development in the various divisions considerable interdependence is apparent, with the consequent necessity for apportionment of production and transmission expenses, taxes, depreciation and return, upon other than the geographical basis indicated above.

The commission has before it an extensive exhibit showing such a theoretical distribution of expenses for the year ending June 30th, 1916, over all divisions, localities and classes of service; and in addition, the record contains various other statistics as to the capacity and output of all plants, the total demands on these plants, and the demands and outputs of all substations in the system.

With these records before us, and in view of conditions now existing as indicated by the above income statement, it is apparent that over and above the necessary operating expenses, including adequate allowance for depreciation, the company received from electric operations in the state of Oregon during the year ending June 30, 1916, a return amounting to less than 5% on the properly assignable portion of the value hereinbefore found reasonable for rate making purposes.

Similar analysis of the income from the sale of water does not require apportionment of any, except home office expenses, and indicates that for the year above mentioned the return received by the company from water operations in Klamath Falls amounted to approximately 5% on the value hereinbefore attached to that system.

The Commission is satisfied that the Company has not received an unreasonably high return upon its property, but on the other hand has obtained less than investors might reasonably be entitled to expect from investments involving like risks, and less than the prevailing rate of interest throughout the territory.

In view of these findings no general reduction in rates is justified, nor is it believed that the total return can be satisfactorily increased by advanced charges. All changes in present tariffs will, therefore, be designed to maintain, as nearly as practicable, the present total income; and to erase any possible unjust discrimination between customers, classes of service or localities; to give the company rates under which the investors may ultimately obtain the greatest reasonable return; and to encourage among present and prospective customers a freer and more extensive use of the facilities and service now maintained for their convenience.

#### *Electric Rates.*

The electric operations of the utility in its separate divisions in Oregon are of such similar nature, the intercommunity relations and feelings of such magnitude, and the difference in cost of service as shown by analysis so slight, that the Commission believes a single schedule for all territory in Oregon will be most practicable and result in the greatest amount of cooperation between the customers and the utility.

The Klamath division and parts of the Rogue River division are now operated under schedules generally providing flat rates for nearly all classes of service. The Commission does not approve the general application of flat rates under conditions such as exist and surround the business of this utility. Experience has shown that equitable charges are not made, and, in fact, are practically impossible, under such rates and conditions.

Cooking and water heating, and also air heating services are now furnished on the following schedules:

#### *Schedule D—Cooking and Water Heating, Flat Rate.*

Flat rate for current for complete electrical cooking outfit, including all appliances necessary for family use.....	\$5.00 per month
Flat rate for current for two-kilowatt circulating water heater .....	5.00 per month
Combined rate for cooking outfit and water heater.....	8.00 per month
Flat rate for current for one-kilowatt circulating water heater .....	3.00 per month
Flat rate for miscellaneous cooking appliances.....	.20 per 100 watts
rated capacity per month.	
Flat rate for miscellaneous heating appliances.....	.40 per 100 watts
capacity per month.	
No connection made for separate cooking and heating service for less than \$1.00 per month minimum.	



**Schedule E—Heating.**

500-watt air heater, per month.....	\$2.00
750-watt air heater, per month.....	2.50
1,000-watt air heater, per month.....	3.00
1,500-watt air heater, per month.....	3.50
2,000-watt air heater, per month.....	4.00
2,500-watt air heater, per month.....	4.50
3,000-watt air heater, per month.....	5.00
Above three kilowatts at rate of \$5.00 for each three kilowatts installed.	

Above rates are to apply from September 1 to May 1, only, no contracts taken at this rate for twelve months' service.

These rates as applied have introduced the same inequities as flat rates for other services, and it is not possible under such a system of charges for the company to control the service rendered and obtain a fair return therefrom. The privilege of unlimited use is allowed and undoubtedly abused. This results in the company being compelled to furnish energy at less than the actual additional cost thereof. Flat rates for cooking energy are particularly undesirable in that they allow the diversion of service and appliances from their intended use to that of air heating, and correspondingly build up a peak load which may be damaging to the capacity of the utility to serve other legitimate users.

Power consumers using motors of one horsepower or more have been required under the present rules to purchase and own suitable transformers for the operation of that equipment. This rule is unreasonable in that it prevents the most efficient and economical distribution of energy, and forces upon the customer ownership of equipment which, on account of its unusual character, he must rely upon the company to maintain. The practice also gives rise to various unsatisfactory controversies as to responsibility for damages.

The furnishing of such equipment is a utility function, and, in the opinion of the Commission, is not such as may reasonably be generally required of the customer. All rates for ordinary power service hereinafter set forth as reasonable will include the ownership and maintenance of transformers by the utility, and the company will be expected to take over under reasonable rules to be filed with the Commission such equipment as is now owned by its power customers.

Considerable complaint, especially from alfalfa growers, has from time to time been entered before this Commission in regard to the rates maintained by the California-Oregon Power Company for agricultural power service. These complaints have come particularly from the Rogue River division, and were consolidated with the general cases for investigation. At the time this investigation was commenced and during its progress, the company provided service to ranch and orchard irrigation customers at the following rates:

**Schedule I—Ranch and Orchard Irrigation and Power.**

Each horsepower for irrigation and power use on ranch or orchard for irrigation season not to exceed six months, per season.....	\$25.00
Each horsepower for irrigation and power use on ranch or orchard for full twelve months.....	\$2.00

On June 1, 1916, the California-Oregon Power Company made effective an agricultural power tariff designated as P. S. C. Or. No. 1, which was filed with this Commission, and provides for this service on meter basis with graduated demand charges, as follows:

**Schedule A—Agricultural Power.**

Agricultural power on term contracts will be supplied at the following rates:

Demand Charge.	1-20 H. P.	Each Add. H. P.
First month's use from May to October, per HP.....	\$5.00	\$4.00
Second month's use from May to October, per HP.....	4.00	3.00
Third month's use from May to October, per HP.....	3.00	2.00
Fourth month's use from May to October, per HP.....	2.00	1.00
Fifth month's use from May to October, per HP.....	1.00	.50
Sixth month's use from May to October, per HP.....	1.00	.50
Each month from November to April, per HP.....	.50	.50

**Energy Charge.**

To the above demand charge shall be added an energy charge of one cent per kilowatt hour for the kilowatt hours consumed each month.

**Contract Period.**

Customers ordering power service under this rate without entering into contract for three years or more will be required to pay all expenses of connecting and disconnecting service in addition to above rates.

The flat rate provides no gradation of charges for irrigation seasons of varying length and is advantageous only to consumers having good seasonal load factor operation. There seems to be no apparent need for this schedule, and the company will be expected to discontinue it. However, in so doing, responsibility is left with the utility to so design its meter rate that any long-use customers, who have built up good load factors in their irrigation operations, upon the basis of existing flat rate charges, shall not under similar normal conditions pay increased annual bills to the company.

The meter rate above designated as Schedule A appears to be well balanced on the proportionate cost of such service and, the Commission believes, should be given sufficient trial to demonstrate the practicability of its application. Its operation in connection with the flat rate and the meter rate for general power purposes as has been the company's practice in the past, should afford a system of agricultural power rates sufficiently flexible to meet all reasonable conditions.

In order that the users of irrigation power may be able to make proper and profitable use of the service furnished, the company must extend its advice to each such customer as to the nature of the rates available and assist in obtaining for him the most economical combination of rate and operating plan that may be possible.

The Commission believes that special effort should be made in this direction until the possibilities of this market are fully realized and this class of business has passed through its development period.

Considerable evidence has been introduced to show the conditions under which service was supplied by special contract to the Weed Lumber Company and its subsidiaries in both California and the Klamath division in Oregon and the unjust discrimination introduced by the operation of this contract to cover service to natural persons for domestic use and to the White Pelican Hotel in Klamath Falls for commercial light and power use.

Testimony of representatives of the company indicates that as far as it concerns Oregon, this contract was abandoned near the beginning of the year 1915, and that at that time the hotel and other parties formerly enjoying the privileges of this contract had been placed under the regular tariff provisions as individual customers. The Commission assumes that these customers are now so served, and will make no other specific findings in regard thereto.

The Commission, being fully advised and possessing full knowledge of the conditions surrounding the business of this utility, now finds that the rates in effect for electric service, insofar as they differ from those hereinafter set forth, are unreasonable, unjust and unjustly discriminatory, and that in lieu of such unreasonable rates the following schedules provide just, reasonable and not unjustly discriminatory charges for such service as is therein specified in both the Klamath and Rogue River divisions. As to rates not specifically superseded by this order, no finding is made, and they may be continued or changed by the utility at its option. Such rates, as well as those herein fixed, are subject, of course, to revision by the Commission at any time upon proper complaint.

#### **Residence Lighting.**

First 7 kilowatt hours, or less, per month.....	\$.90
Next 43 kilowatt hours, each.....	.10
Excess .....	.07

Such residence customers as will probably not exceed the minimum charge may, at the option of the commission, be billed at such charge without the installation of a meter.

#### **Commercial Lighting.**

First 50 hours used per month of the consumer's active load will be at the primary rate.

All additional use will be at the secondary rate.

##### **Primary Rate:**

First 8 kilowatt hours or less.....	\$1.00
Next 92 kilowatt hours, each.....	.10
Excess .....	.07

##### **Secondary Rate:**

First 150 kilowatt hours, each.....	.07
Next 250 kilowatt hours, each.....	.05
Next 400 kilowatt hours, each.....	.03
Next 700 kilowatt hours, each.....	.02
Excess .....	.01½

##### **Minimum Charge:**

No monthly bill shall be less than \$1.00 plus 10 cents for each 100 watts, or major fraction thereof, of active load in excess of 500 watts.

**Active Load:**

No active load will be considered as less than 500 watts.

The active load of all commercial lighting installations will be determined as follows:

One third of the connected load in

Apartment houses and hotels (except reception rooms, hallways and lobbies.)

Basements, lofts and other rooms used only for storage.

Warehouses and barns (except offices and workrooms).

Academies and schools (except night schools).

Of all other lights and exceptions noted above,

Eighty per cent of the first two kilowatts of connected load.

Fifty per cent of all excess over two kilowatts of connected load.

Heating and cooking appliances above 800 watts individual capacity and single phase motors in excess of three-fourths horsepower and up to three horsepower (at an equivalent of 900 watts per horsepower) may be supplied through the lighting meter at this rate.

The individual capacity of such devices or motors in excess of 800 watts will be added to the connected lighting load in determining the active load and the minimum charges under which service will be rendered.

**Lighting—Out of Town.**

This rate applies to rural customers where there are less than fifteen connections per mile of line, as measured from the city limits or from the point of origin of the line if from outdoor substation.

First 10 kilowatt hours or less per month..... \$1.30

Next 40 kilowatt hours, each..... .08

Excess..... .05

**Lighting—General Rule.**

Cooking and heating devices up to 800 watts individual capacity and single phase motors not exceeding three-fourths horsepower may be supplied through the lighting meter under any of the above lighting rates without increasing the active load or minimum charge.

**Combined Lighting, Cooking and Heating.**

This rate applies to residences using complete lighting, cooking and heating equipment, and to commercial heating and cooking loads where lighting service is carried on the regular commercial lighting rate.

First 10 kilowatt hours or less per month..... \$3.00

Next 10 kilowatt hours, each..... .05

Excess..... .02

Water heaters, when so connected with double-throw switch that the demand of the heater can not be coincident with the demand of the cooking equipment, will be supplied with energy at a flat rate as follows:

For each watt of connected load..... 3½ mills

**Power.**

First fifty hours used per month per horsepower (output) or first sixty hours used per month per kilowatt (input) of demand will be at the primary rate.

All additional use will be at the secondary rate.

**Primary Rate:**

First 200 kilowatt hours, each..... 8 c.

Next 400 kilowatt hours, each..... 5 c.

Next 900 kilowatt hours, each..... 3 c.

Next 1,500 kilowatt hours, each..... 2 c.

Excess..... 1½ c.

**Secondary Rate:**

First 1,000 kilowatt hours, each..... 1½ c.

Next 4,000 kilowatt hours, each..... 1 c.

Next 5,000 kilowatt hours, each..... ¾ c.

Excess..... ¾ c.

**Minimum Charge:**

First two horsepower, each..... \$1.50

Next eight horsepower, each..... 1.25

Excess..... 1.00

In connection with the above power rates the utility shall file, subject to the approval of this Commission, suitable rules and regulations for the equitable determination of the demands of consumers' equipment to be used thereunder.

**Air and Water Heating—Temporary Rate.**

Although service of the present water and air heating customers under existing rates has been found unreasonable, equity demands that these consumers, who have purchased equipment on the attraction of the present rates, be given due consideration for the good faith in which such purchases were made. In view of these conditions, the Commission believes the following adjustment will yield justice to all parties concerned:

The present air heating rate will be continued for a period of only two years and for none other than present customers for heaters which have been in use during the past year.

All two-kilowatt water heaters now used in connection with ranges will be supplied for a period of only two years, when installed with double-throw switch to prevent the coincidence of the demand of the heater with that of the cooking equipment, at a flat rate of \$5.00 per month.

#### *Special Summer Cooking Rate.*

The company may, if it considers the demands of sufficient extent for justification, file special rates for small summer cooking loads. It appears that such service might become attractive to consumers not ordinarily cooking with electrical energy, and the Commission suggests that the following schedule be filed if it should become desirable to develop this class of business:

This rate is applicable only to customers connecting and using devices of from 500 to 1,000 watts individual capacity during the five months period of service between the April and September meter readings.

First thirty hours use of the consumer's active load will be at the regular residence lighting rate.

Excess over thirty hours use of the active load, per kilowatt hours, 4c.

Cooking devices included above are ovens, hot plates, etc., for general cooking purposes.

Irons, toasters, percolators, etc., alone do not entitle customer to this rate; but their consumption, when used in connection with cooking devices will be billed at this rate.

Active load of residences under this rate will be considered as follows:

Fifty per cent of first 1,000 watts connected.

Thirty per cent of excess over 1,000 watts connected.

No active load considered as less than 500 watts.

#### *Water Rates.*

The water rates published in this company's tariff, O. R. C. No. 1, and its supplements, which are the schedules now in force, are not generally higher than rates ordinarily charged under like conditions. As applied, however, they do not bear equitably and without possible unjust discrimination upon all customers, and are not such as to encourage the greatest use of the facilities available.

Under its rules in sections 17, 18 and 19 of O. R. C. No. 1, the company requires that the applicant for service pay charges for main tapping as follows:

One ½-inch tap..... \$3.00

One 1-inch tap..... 5.00

One 1½-inch tap..... 8.00

One 2-inch tap..... 8.00

and specifies that the material so used is to remain the property of the company. It is further provided therein that in addition to the charge for tapping the main, the consumer must install and maintain at his own expense the entire service pipe line both on and off the consumer's premises to the tap in the company's main.

A compliance with these conditions is required by the company before service is supplied, notwithstanding the fact that the consumer has no franchise or right to open or use the streets either for the purpose of installing or maintaining his service pipe.

This practice is neither reasonable nor just, and in its stead the Commission believes a just and reasonable practice is for the company to make and maintain at its own expense the entire connection from its distribution mains to the street property line of the customer.

Flat rates for water service in common with those for electric service, if not properly guarded, tend to introduce unjust discriminations between consumers by permitting the extensive abuse of the privilege of unlimited supply. On the other hand, where such rates contemplate normal use, and a large majority of the patrons keep well within this use, flat rates become a necessity to prevent the economic waste which would result from the indiscriminate application of expensive meter installations for these customers. Such rates, however, should not be named unless provided with proper safeguards for their application. The rates hereinafter named, we believe, are so protected.

From the facts disclosed by its investigation, the Commission finds that the rates contained in the present schedules of the utility, insofar as they differ with those hereinafter set out, are unreasonable, and that just, reasonable, and not unjustly discriminatory rates for this company to charge and collect for the water service therein specified in lieu of such unreasonable rates are as follows. As stated in connection with the electric rates no finding is made as to rates not specifically superseded by this order, and they may be continued or changed by the utility at its option. Such rates, as well as those herein fixed, are subject, of course, to revision by the Commission at any time upon proper proceedings.

## SCHEDULE I—Flat Rate.

## Group 1

	Per Month
<b>Base Rates for First Faucet or Fixture:</b>	
Bakeries, daily capacity 1,000 loaves or less.....	\$1.50
Blacksmith shops, first fire.....	1.00
Each additional fire.....	.25
Butcher shops and fish markets.....	1.50
Banks.....	1.00
Drug stores without soda fountains.....	1.50
Machine shops.....	1.00
Offices, professional.....	1.00
If with other offices on same service connection.....	.75
Printing offices.....	1.00
Residences, single apartment for single flat.....	1.00
Each additional family in same building using same fixtures, one-half base rate and fixture charges of first family for fixtures used in common.....	
Stores, unless otherwise listed.....	1.00
Stables, private, one horse or one cow.....	.25
Each additional horse or cow.....	.15
In addition to the above base rates, the following charges will be made for private fixtures:	
Dentist's fountain.....	\$ .75
Baths, first.....	.30
Each additional.....	.15
Water closets, first.....	.60
Each additional.....	.30
*Faucets, each faucet in excess of first for bowls, sinks, etc., not other- wise specified.....	.10

## Group 2

<b>Base Rates for First Faucet or Fixture:</b>	
Barber shops, first chair.....	\$1.25
Each additional chair.....	.25
Billiard halls, bowling alleys and shooting galleries.....	1.25
Public and society halls.....	1.00
In addition to the above base rates, the following charges will be made for public fixtures:	
Baths, first.....	.75
Each additional.....	.50
Water closets, first.....	.75
Each additional.....	.50
Urinals, first (3 ft. lengths).....	.50
Each additional (3 ft. lengths).....	.25
*Faucets, each faucet in excess of first, for bowls, sinks, etc., not other- wise specified.....	.25

## Group 3

<b>Sprinkling or Irrigation:</b>	
Storefronts and walks, first 25 ft. front or less.....	\$ .50
Each additional 5 ft. or major fraction.....	.05
<b>Lawns or gardens, per month:</b>	
1c per front foot (minimum 50 feet) plus 3c per 100 square feet of rec- tangular area covered.....	
Bubbling fountains, intermittent.....	\$ .50
Continuous.....	1.00

\* Under the above designation of faucets are not included draincocks, sillcocks, etc., which are used for lawn or garden sprinkling; hot water faucets at the same location as cold water faucets when the latter are counted; bowls used in connection with barbers' chairs, barn, irrigating, garage and other faucets, the principal function of which is to supply the water for services hereinafter in this schedule described, which are paid for by the customer at flat rates. Stationary wash tubs in sets at the same location count as one additional faucet.

Private Fire Hydrants:	Per Month
$\frac{3}{4}$ inch connection to mains.....	\$ .50
1 inch connection to mains.....	.60
1 $\frac{1}{4}$ inch connection to mains.....	.75
1 $\frac{1}{2}$ inch connection to mains.....	1.00
2 inch connection to mains.....	2.00
3 inch connection to mains.....	3.50
4 inch connection to mains.....	5.00

**NOTE.**—All flat rates contemplate only normal necessary use. Customers in Schedule 1 may elect in writing or the utility may elect, to waive the rates applicable under Schedule 1, and thereupon the utility shall install a meter; and in that event Schedule 2 will thereafter govern, instead of the flat rates applicable in Schedule 1. The utility will not be required to install more meters per month upon such customer's demands than 3% of the total number of unmetered customers, who by these rules are entitled to demand meters, and shall fill demands in the order of application.

### SCHEDULE 2—METER RATES

Apply to the following customers:

Apartments, flats or offices, entire building or group under single customer's contract.	Ice and cold storage plants.
Boarding houses.	Laundries.
Brick and tile works.	Motors, water.
*Building construction.	Packing plants.
Cider factories.	Public buildings or works.
Colleges.	Railroad shops.
Creameries.	Restaurants.
Dairies.	Sawmills.
Dye works.	Schools.
Elevators, hydraulic.	Soft drink factories.
Garages, public.	Soft drink fountains.
Greenhouses.	Steam boilers.
Hospitals.	Tanneries.
Hotels.	Vinegar factories.
	Woolen mills.

All other customers now metered or who shall be metered under the provisions of note in Schedule 1.

Water delivered through meters of any size in one month:

<b>Normal Rate—</b>	
First 300 cubic feet, or less.....	Minimum charge
Next 700 cubic feet.....	15c per 100 cu. ft.
Next 4,000 cubic feet.....	10c per 100 cu. ft.
All over 5,000 cubic feet.....	7c per 100 cu. ft.

#### **Sprinkling Rate—**

Applicable only between the May and the September meter readings to residences, and to other customers using water for sprinkling or irrigation purposes only.

First 300 cubic feet or less.....	Minimum charge
All over 300 cubic feet.....	10c per 100 cu. ft.

No installation of meter for sprinkling purposes only for less than four months' period.

#### **Minimum monthly charges:**

According to size of customer's service pipe and meter:

Size of Service Pipe	Size of Meter	Minimum Charge
$\frac{3}{4}$ inch	$\frac{3}{4}$ inch	\$1.40
1 inch	$\frac{3}{4}$ inch	1.75
1 $\frac{1}{4}$ inch	1 inch	2.00
1 $\frac{1}{2}$ inch	1 $\frac{1}{2}$ inch	2.40
2 inch	2 inch	3.00
3 inch	3 inch	4.50
4 inch	4 inch	7.00

\*See exception to classification.

If pipe and meter sizes do not correspond as in the above table the lower minimum applying to either the pipe or the meter will apply.

Where a meter is installed at the option of the utility the minimum bill therefor shall not exceed the proper flat rate charge for service supplied through such meter.

#### EXCEPTIONS TO CLASSIFICATION

Rate for water used in the construction of public works, buildings, etc.:  
1½ times Schedule 2.....No monthly minimum

On small construction jobs, or where meter setting is impracticable, estimated quantities of water will be used.

#### ORDER

From a consideration of the foregoing findings, which are by reference made a part hereof, in connection with the entire record and all pertinent facts disclosed by our investigation,

IT IS ORDERED, CONSIDERED AND DETERMINED that the California-Oregon Power Company discontinue the rates, rules and regulations hereinbefore found unreasonable and substitute therefor the just, reasonable and not unjustly discriminatory rates, rules and regulations heretofore determined.

Such rates and charges so substituted shall apply as maximum rates and charges for the service specified. Nothing herein contained shall be construed as preventing the utility, after proper publication and filing of tariffs as provided by law and the rules of this Commission, from reducing any rate or charge hereinbefore found to be just and reasonable, provided, however, that such reduction will result in no unjust discrimination as between individuals, classes of service or communities.

IT IS FURTHER ORDERED that this utility shall set up as a part of its accounts a depreciation reserve and carry therein such allowances as are herein found to be reasonable and necessary and that all moneys available for such purposes shall be set aside in a reserve fund and expended only as contemplated by law according to plans, the detail of which shall be submitted to this Commission.

This order shall become effective on the first day of September, 1917, prior to which time the utility shall publish and file in the manner provided by law and the rules of this Commission a tariff or tariffs setting forth rates which shall not conflict with the provisions of this order, and from which all rules and regulations inconsistent herewith shall be omitted.

Nothing herein contained shall be construed as in any way applying to or affecting any business of this utility which is of an interstate character.

In the matter of the application of the BOARD OF COUNTY COMMISSIONERS OF MULTNOMAH COUNTY, OREGON, for permission to change the location, and separate the grades of the crossing of the St. Helens road with the UNITED RAILWAYS COMPANY.

No. F-604

(ORDER ENTERED JULY 16, 1917—P. S. C. ORDER NO. 212)

The above entitled matter came on regularly for hearing before the Commission upon the petition of the Board of County Commissioners of Multnomah County, for permission to construct in lieu of the existing grade crossing on the St. Helens road 1,500 feet, more or less, southeasterly from the west city limit of the City of Portland, Oregon, an undergrade crossing under the tracks of the United Railways Company at a point 220 feet southerly from such grade crossing, as shown on the blueprint plat attached to the applicant's petition.

Hearing upon this petition was held at the office of the Public Service Commission, Court House, Portland, Oregon, at 10:00 o'clock A. M., Friday, July 6, 1917, with the consent of all parties concerned, at which time and place testimony

was introduced by the interested parties and in connection therewith an examination of the present grade crossing and the site of the proposed under crossing was made by the Commission.

**Appearances:**

For Board of County Commissioners of Multnomah County: Phillo Holbrook, A. A. Muck, Commissioners.

For United Railways Company: Carey & Kerr, its attorneys, L. C. Gilman, president.

From the record and from such personal examination the Commission makes the following:

**ORDER**

Based upon the foregoing findings, which are hereby referred to and made a part hereof,

IT IS CONSIDERED, ORDERED AND DETERMINED that the petition of the applicant Board of County Commissioners of Multnomah County be and the same is hereby granted and the said Board of County Commissioners is ordered to lay out and construct a relocation of that part of the St. Helens road in accordance with the plat attached to the petition in this matter, and to construct an undercrossing so that such highway will pass under the track of the United Railways Company at the point indicated on said plat.

The construction of such undercrossing is to be performed by said board under the supervision of the railroad company insofar as such supervision is not inconsistent with the supervision conferred on this Commission by law.

Such undercrossing shall be so constructed as to give a vertical clearance of not less than sixteen (16) feet and a horizontal clearance of not less than eleven (11) feet on each side of the center line of the highway.

The railroad track shall be carried over such undercrossing upon a steel girder span supported by abutments consisting of wooden frame bents on concrete foundations.

Detailed plans and specifications for such undercrossing shall be submitted to this Commission, and construction of such undercrossing shall not be commenced until such plans and specifications have been approved by the Commission.

The right of way for the relocation of the road exclusive of the portion within the railroad right of way shall be acquired and paid for by Multnomah County.

The cost of construction of the entire relocation of the highway and separation of grades as herein provided, excluding paving, curbs and gutters, which cost of construction is estimated by the roadmaster of Multnomah County at approximately \$15,600.00, is hereby apportioned in equal shares to Multnomah County and the United Railways Company, and each of said parties is hereby required to pay its apportionment.

The cost of construction of paving, curbs and gutters, and the cost of maintenance, repair and renewal thereof, and of the subgrade, drainage structures and all features of the highway is hereby apportioned to and shall be paid by Multnomah County.

The cost of maintenance, repair and renewal of the span, abutments and all features of the undercrossing structure is hereby apportioned to and shall be paid by the United Railways Company.

V. F. COOPER, ET AL, Plaintiffs,

v.

OSWEGO LAKE WATER, LIGHT & POWER COMPANY,

Defendant.

} No. U-F-189

(ORDER ENTERED JULY 28, 1917—P. S. C. ORDER NO. 214)

Formal complaint in the above entitled matter was brought by four individuals, residents of the incorporated town of Oswego, Oregon, alleging among other things that the Oswego Lake Water, Light & Power Company is a public



utility and as such is subject to the provisions of Chapter 279 of the General Laws of Oregon for the year 1911, and acts amendatory thereof and supplemental thereto. Further, that said utility sells and delivers water to the inhabitants of Oswego, Oregon; that said water is obtained from a spring which is so located as to be subject to contamination and unfit for domestic use or human consumption; that adequate fire protection is not afforded and that the rate charged per family is excessive.

From a full consideration of the foregoing, and based upon all the facts disclosed by this investigation, we find that the present service and facilities afforded by this defendant are inadequate, insufficient and unreasonable.

IT IS, THEREFORE, ORDERED, First, that an investigation be prosecuted and an effort made to relocate the present source of supply further up the hill and above the high water mark of the Willamette River, and that a steel or cement caisson, screen covered, be constructed around the spring, which caisson shall rest upon bed rock or other natural foundation and project at least five feet above the surface of the earth.

Second, that an auxiliary pump having at least two-thirds the capacity of the present pump, be installed and maintained, and such other and further additions be made to the plant as may be necessary to secure at all times a reasonably adequate supply of water.

Third, that such changes shall be made in the reservoir connections as will permit of complete draining from the bottom, and, further, that the reservoir be thoroughly and sanitarily cleaned at least four times each year.

Fourth, that a liquid chlorine purification system be installed, or such other method as will secure at all times an unfailing means of supplying customers with pure, wholesome water for domestic purposes, free from injurious physical elements or disease producing bacteria; and, further, that bacteriological tests be made every thirty days until further notice, and copies of the result thereof filed with this Commission.

Fifth, that the petition of the plaintiffs in all other respects be and the same hereby is dismissed without prejudice.

The construction of the improvements contemplated by this order shall be prosecuted with diligence and expedition, and shall be finally completed and put into operation as soon as is consistent with reasonable economy and business-like administration, and in any event within sixty days from the date of this order.

H. I. MERRIMAN, ET AL, Plaintiffs,

v.

THE J. F. LUSE COMPANY, (W. E. ST. JOHN, Receiver)

Defendant,

and

NORTHWESTERN TRUST COMPANY of St. Paul, Minnesota,  
and IRA C. OEHLER, Trustees, Intervenor.

No. U-F-165

(ORDER ENTERED AUGUST 4, 1917—P. S. C. ORDER NO. 220)

The plaintiffs in this case, who are water users and land owners, seek a reduction in the annual charge which they are assessed as a "maintenance fee" in connection with an irrigation system through the medium of which water is conveyed to their property for irrigation and domestic purposes.

Following the statutory procedure, the Commission caused a copy of the complaint, together with notice that the same had been filed, to be served upon the defendant, and the defendant having filed its answer thereto, the matter was set for hearing and investigation. Due notice of the time and place of such hearing and investigation was given to all parties in interest, and pursuant thereto public hearings were held at Sutherlin, Oregon, on July 26, 1916, and September 2, 1916.

**Appearances:**

For plaintiffs: B. I. Eddy and O. P. Coshow, their attorneys.  
For defendant: E. B. Hermann and R. W. Marsters, its attorneys.  
For intervenors: Edgerton & Dohs, their attorneys.

At the hearing both oral and documentary evidence was introduced. The proceeding was then continued for the purpose of permitting the Commission's auditor to make an audit of the company's books and report thereon, with the understanding that such report should be filed as an exhibit in the case. The auditor has made an investigation of the company's books and filed his report. Copies thereof have been furnished the parties to the proceeding, and they have waived cross examination of the auditor and the right reserved to them of introducing further evidence relative to such report.

On October 9, 1916, subsequent to the Commission's hearing and investigation herein, W. E. St. John was appointed temporary receiver of the defendant company, and on January 23, 1917, he received an appointment as general receiver.

Shortly after the final hearing had been concluded, the Northwestern Trust Company of St. Paul and Ira C. Oehler, as trustees, filed a petition for permission to intervene and file an answer herein. This petition was granted on the understanding that the evidence already introduced was to be taken and considered insofar as it was applicable to the issues which might be raised by the answer filed by the intervenors and the intervenors consented to waive any right which they might have to cross examine witnesses who had already testified.

Acting under the permission granted them, the intervenors have filed their answer and have been granted permission to introduce any evidence which they saw fit in support of their contentions. The evidence submitted by the intervenors consists entirely of affidavits, copies of which were submitted to the other parties in interest, with the understanding that they might introduce any further evidence they desired relative to the matters covered by the affidavits, or, if they desired, the Commission would require the testimony of the affiants to be taken in such manner as to permit the parties interested an opportunity to examine them. The plaintiffs and defendant have expressed their intention not to introduce any further evidence on the matters covered by the affidavits and have consented that the affidavits might be received in evidence with the same force and effect as though affiants were personally present and testified and all parties interested given an opportunity to examine them.

Owing to the nature of the case, the testimony covered a wide range and in its endeavor to arrive at a complete understanding of the entire situation, the Commission, and its experts, spent considerable time in inspecting the irrigation project.

At the outset we are confronted with the question as to whether or not the defendant, The J. F. Luse Company, is a public utility within the meaning of Chapter 279 of the General Laws of Oregon for the year 1911, and, as such, is subject to the jurisdiction of the Commission. Considerable space in the briefs filed has been devoted to this feature.

This question has been submitted to the Attorney General, and he has advised that The J. F. Luse Company is a public utility, and subject to the jurisdiction of the Commission. Acting on such opinion, we hold that the Commission has the necessary jurisdiction to proceed herein.

Other questions of a legal nature have been raised, particularly by the intervenors, and have been urged with great earnestness. It is contended that the "maintenance fee" hereunder attacked is a part consideration for certain contracts which have been entered into, and that any action of this Commission in connection therewith would operate to impair the obligations of these contracts and would be in violation of the contract clause of the fourteenth amendment to federal constitution.

The contracts for the sale of the lands provide, in part, as follows:

"1. The purchase price herein of said lands and water right below described is \$..... \* \* \*."

Paragraph II of Section 2 relating to water rights provides that the charge to be assessed by the company is a maintenance fee. This, together with the other evidence in the case, leads the Commission to the conclusion that this charge for furnishing water is separate and distinct from the contract price of the land and water rights. Under the decision in the case of Woodburn v. Public Service

Commission, 82 Or. 114, the Commission holds that the contract regarding the maintenance fee was entered into subject to the right of the state to regulate the rates to be charged to the water consumers.

Coming now to the merits of the case, the record discloses that on September 30, 1904, articles of incorporation of the Calapooia Investment Company were filed with the Secretary of State. By these articles, this corporation assumed, among others, the power

"To furnish, supply and sell water from the lakes and running streams of the State of Oregon for general rental, sale and distribution for purposes of irrigation and supplying water for household and domestic consumption, and watering livestock upon dry lands of the State of Oregon, and to collect rents, tolls, rates and compensation therefor and for the use of such water, and to own, hold, buy, sell, mortgage, contract for and enjoy franchise therefor.

"To buy, hold, own, operate, sell, mortgage, construct and maintain dams, ditches, canals, flumes, pipe lines, aqueducts, reservoirs, storage ponds, feeders and distributing ditches for general irrigation purposes and for furnishing, supplying, selling, renting and distributing water for household and domestic consumption and watering livestock upon dry lands, and to store and hold water for future use, and to appropriate and divert water from its natural bed or channel for all or any of the purposes aforesaid.

"To exercise the right of eminent domain and condemn in the manner and cases now or as may be hereafter provided by law the rights of riparian proprietors upon any lake or running stream from which an appropriation is made, also to condemn lands for sites for reservoirs, and for rights of way for its ditches, canals, flumes, dams, pipe lines, feeders and distributing ditches, and to condemn and appropriate the right to the flow of water in any stream below the point of diversion vested in the owners of lands lying contiguous to such stream by virtue of their location.

"This corporation proposes to and shall have power to exercise the right of eminent domain, and to condemn lands, water, and water rights, and to appropriate private property in the cases and manner now, or as may hereafter be provided by law, when necessary or convenient to carry into effect, and to enjoy either or any of the business, pursuits or occupations for which this corporation is organized."

Thereafter, on October 8, 1904, there was filed with the county clerk of Douglas County, by the Calapooia Investment Company, notice of location of "Water Ditch and Appropriation of Water," which specifies that the company, on the first day of October, 1904, "located a ditch for general irrigation purposes, and proposes, at the point where this notice is posted, to divert and appropriate the number of miner's inches of water hereinafter set forth from Calapooia Creek in Douglas County, Oregon, for general rental, sale and disposition for purposes of irrigation and supply of water for household and domestic consumption, and watering livestock and other lawful purposes."

On or about the 25th day of September, 1908, the Sutherlin Land & Water Company was incorporated, some of its functions being as follows:

"To locate, hold, buy and sell water, and water rights \* \* \* to manage, control and operate water powers and water plants, and water works, and to sell water for domestic and irrigation purposes."

Thereafter, and on or about the 27th day of January, 1909, the Luse Land & Development Company, Ltd., was incorporated under the laws of the Province of Saskatchewan, Canada, and filed with the Secretary of State of the State of Oregon its declaration of intention to do business in this state. This company was, prior to October 1, 1912, the beneficial owner of all of the capital stock of the Sutherlin Land and Water Company.

On or about the 27th day of November, 1912, The J. F. Luse Company was incorporated under the laws of the State of Oregon, and Article II of its incorporation papers specifies the purposes for which the company is incorporated. This article, insofar as is deemed material here, is as follows:

To supply cities, towns, villages and the inhabitants thereof, and land owners generally with water for household and domestic purposes, irrigation and watering livestock, and to collect rents and compensation therefor and to acquire and hold liens on lands to secure the payment for its services and water supply; and to own, operate, buy, hold, construct, maintain, lease and sell reservoirs, ditches, canals, flumes and pipe lines for general irrigation purposes

and for supplying water to cities, towns, villages, and the inhabitants thereof for household and domestic consumption and watering livestock and for supplying water for any and all other purposes and to make contracts for the same; to buy, own, hold, lease, rent, sell and mortgage water rights, and to appropriate the water of the lakes, running streams, and surplus water in the State of Oregon for general rental, sale and distribution for the purpose of irrigation and supplying water for household and domestic consumption and watering livestock and power purposes, and to do any and all things necessary and convenient in the acquisition, appropriation and distribution of water for any and all useful purposes.

\* \* \* \* \*

"This corporation proposes to and shall have power to exercise the right of eminent domain and to condemn lands, water, and water rights, and to appropriate private property in the cases and manner now, or as may hereafter be, provided by law, when necessary or convenient to carry into effect, and to enjoy either or any of the business, pursuits, or occupations for which this corporation is organized."

On October 1, 1912, The Luse Land & Development Company, Ltd., as the beneficial owner of all of the capital stock of the Sutherlin Land & Water Company, sold such stock to certain stockholders of the Sutherlin Land & Water Company, at least one of whom was a stockholder in The Luse Land & Development Company, Ltd., for the benefit of the The J. F. Luse Company, which it was contemplated would be formed for the purpose of taking over the assets, business and liabilities of the Sutherlin Land & Water Company. Subsequent to this sale, and in accordance with an agreement made at the time of the sale, these stockholders duly organized The J. F. Luse Company, and proceedings were had which resulted in a transfer to the The J. F. Luse Company of all of the assets and liabilities of the said Sutherlin Land & Water Company.

The scene of operations of this defendant, and its predecessors, so far as the particular property here under consideration is concerned, is in the Sutherlin Valley, in Douglas County, Oregon.

The irrigation system was constructed, and such operation as it has had was primarily for the purpose of enabling the defendant, and its predecessors, to advertise and sell irrigated fruit lands. Breaking into the field at the time Oregon's justly famous fruit was becoming popular, and irrigated lands were attracting considerable attention, these companies combined the two, and began operations. Sales methods, which to say the least were unusual, were apparently employed freely, and statements were made which seemed more calculated to consummate sales than to convey accurate information if we are to believe what this defendant and the intervenor now contend were, and are, the true facts. It is not surprising that considerable dissatisfaction, which may or may not in all cases be justified, was engendered among the purchasers.

There is a wide difference of opinion among the parties to this proceeding as to just what the \$3.50 per acre, exacted annually by the defendant as a "maintenance fee" is designed to cover. The intervenor urges it is a part of the contract price of the land sold, and as such is beyond the control of the commission. The complainants contend it is a charge imposed for the purpose of maintaining the ditch, and other structures in the irrigation system, and has no relation whatever to the sale price of the land. The defendant admits the charge is designed to cover the ditch maintenance but is not agreed with the complainants as to what constitutes "ditch maintenance."

We are inclined to take a view almost in harmony with the contention of the plaintiffs. The contracts indicate, and the testimony is overwhelming to the effect that this charge was represented to be a charge for maintaining the irrigation system. It was represented to these complainants that the company with which they dealt owned the water rights, and that such rights were conveyed with the land to the purchaser, and such, the Commission believes, was the true intent of the parties. The "Agent's Manual" which was published and distributed by the Luse Land & Development Company, Ltd., who were acting as agents for the owning corporation, says:

"13. How does your 'Water Right' stand as to priority?"

"The company owns all of the water rights on the Calapoolia River, having filed during the existence of the old law, which was far broader in its scope. Our water rights have been perfected and the company is in a position to guarantee our rights in this matter."

"14. What is the purchaser charged for the 'Water Right'?"

"The right to water is sold only with the land upon which it is to be used, and the cost of this water right is included in the purchase price paid by you."

"15. What maintenance fee is charged?"

"This fee, which is termed a maintenance fee, but which is in reality an overhead charge for development, maintenance and contingencies, which may arise in the upkeep of the ditches, is guaranteed by the company to not exceed \$3.50 per acre per annum."

It must be admitted that these pamphlets are cleverly worded, and the contracts of these companies most artfully drawn, but this fact is not surprising to one familiar with the history of this scheme. It is everywhere apparent that skilled legal talent has played no small part in the preparation of the literature and contracts of this corporation and its predecessors, and viewed in the light of the present contentions of the defendant and the intervenor, were drafted with the apparent purpose of enabling a variety of constructions to suit the particular occasion. At least, the interpretation which this Commission is asked to place upon them is decidedly at variance with the one placed by the companies when negotiations looking toward sales of land were under way.

The contract entered into by these water users and land owners regarding water rights, contains, among other, the following provisions:

"The company grants to the purchaser the perpetual right to the use of water from the irrigation system of the company from the first day of May to the first day of October of each year, for the purpose of irrigating the hereinbefore described tract of land, or such part thereof as may be practical, from the company's irrigation system, and also for stock and domestic purposes incident thereto, at a rate not to exceed 2/1000 of one cubic foot of water per acre per second of time, for the irrigating period, being approximately sufficient water to cover each acre of ground at one flooding to the depth of six inches during the irrigation season.

"Provided, that the company reserves the right to make, adopt and enforce reasonable rules and regulations for the supply and distribution of water among those receiving same from the company, including the purchaser, and for the measurement of the same.

"Subject, however, to the following conditions:

\* \* \* \* \*

"2. That the purchaser, his heirs or assigns, shall pay annually, in advance, to the company, at its office in Sutherlin, Oregon, on or before the first day of May in each year as a maintenance fee, the sum of Three and 50/100 Dollars per acre or fraction thereof, subject to irrigation from the said irrigation system, and in case of default in such payment for fifteen days, the company, in addition to enforcing the lien herein given upon said real estate, shall have the right to refuse to furnish water to the purchaser until said maintenance fee and all arrearages shall have been paid, with interest after maturity at 8 per cent, the purchaser agreeing to pay such additional amount as attorney's fees as the court may adjudge reasonable.

\* \* \* \* \*

"9. That the company shall have the right to sell water rights from the canal to an amount equal to its total carrying capacity, and hereby agrees with the purchaser that it will undertake to irrigate only such other lands in the vicinity of the lands above described as may be adequately supplied with water under normal conditions. It being expressly understood and agreed that this paragraph shall not impair the water rights of the purchaser under this contract.

"10. That the right hereby conveyed and the water to be furnished hereunder is not personal property, but form a part of the appurtenances to said land and that the right thereto shall be transferred only with the land, and upon any breach or violation of said covenants, the company may, at its option, declare this agreement at an end and foreclose its lien.

"11. That the terms, covenants and conditions herein shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto."

It is clear from the record before us that the purchasers of land from this defendant, and its predecessors in interest in the Sutherlin Valley, were led to believe they were purchasing the water rights with the land. And, contentions to the contrary notwithstanding, we believe such water rights were so transferred and The J. F. Luse Company no longer has any interest therein. The fact

stands uncontroverted in the record that such of this land as was susceptible of irrigation from this system sold for prices varying from \$300.00 to \$450.00 an acre, while that portion which laid above the ditches, and could not secure water, sold at \$75.00 to \$225.00 per acre.

We quote from a report rendered by an engineer employed by this defendant: "At the present time, December 7, 1912, there are 3,120 acres in cultivation, 2,737 acres of which are sold. Of the 3,120 acres in cultivation, 2,720 acres are planted in fruit, mostly Spitzenberg and Yellow Newton apples, and 400 acres are in grain. The acreage planted at the present time which has not come into bearing is 2,630 acres, of which 300 acres will come into bearing in 1913.

\* \* \* \* \*

"The average cost to date of purchasing lands, planting trees, cultivating and selling lands, building and maintaining the irrigation system, and all incidental expense, is \$237.00 per acre, of the land developed by the company for its own account, or under contract to purchasers. The average selling price of same has been \$366.50 per acre."

There is also some contention as to who is the owner of the ditches, head-works and flumes which constitute this irrigation plant. With this question we are not concerned. The land now under the system was sold as irrigated lands at several times its value without water. The contracts and deeds for the land recite that the price paid, or to be paid, covered the land and water rights and that the water rights were appurtenant to the land.

For the purposes of this order, it does not matter whether we assume that the purchaser of the tract of land thereby acquired an undivided interest in the system in the proportion that the amount of his land bore to the entire tract under the irrigation system, and that upon the sale of the entire tract the purchasers thereof would become the complete owners of the system; or whether we assume that the purchase of the water rights carried with it the right to have the water delivered to each tract of land to which the water was appurtenant. In either event, the right of supervision and, within certain limits, the control of the distribution of this water remained with the company and it is obligated to maintain and keep in repair the irrigation system to furnish the adequate and reasonable service which the law enjoins. For this service the company is entitled to a reasonable compensation.

If the ownership of these ditches and structures passed to the purchasers of the land, obviously no maintenance fee need take into consideration a return upon the value of this property; and, on the other hypothesis, if these ditches and structures remain the property of the company, we are unable to agree with the contention that the settlers, after paying a greatly enhanced price for their land, should pay in addition thereto, a return upon the value of the entire irrigation system. The initial cost of this irrigation system was plainly reflected in the prices at which land was sold. After paying this price, the settlers should not again be called upon to pay the company in addition thereto a return upon the value of a system, which, in effect, their money has constructed.

At the time these tracts of land were being sold, there were many other irrigated lands on the market. Some of these were being developed through the agency of the state under the Carey Act, while others were being developed and sold by the United States or private concerns. In most, if not all of these projects, the purchaser was not required to pay anything in addition to the maintenance charge, and in each instance the cost of the system was included in the purchase price of the land.

In the contracts entered into between the State Land Board, or its successor, the Desert Land Board, and the contractor, the maintenance charge was fixed, and in no case coming to the attention of the Commission was a charge greater than \$1.00 per acre allowed. In one of the government projects hereinafter referred to the charge was fixed at \$1.25 an acre. The water to be furnished under these contracts varies from 1.8 to 2.0 acre feet, as compared to 6 acre inches under the contracts in Sutherlin Valley, while the prices demanded for land by this defendant were many times greater than the prices fixed for the state or government projects. It is true the land under the state and government projects is not as favorably situated as that in the Sutherlin Valley, but, on the other hand, the cost of this irrigation system was far less per acre than those developed by the state and federal authorities.

Experience has shown that it is essential to have the control of an irrigation system centered in one person, or an organized group of persons, rather than in

an unorganized mass. The J. F. Luse Company was vitally interested in seeing the system successfully operated, at least until its lands were disposed of, and in order to accomplish this reserved in itself the right of control, and assumed the obligation of maintenance upon being paid a reasonable compensation for its services.

We can not concede that this charge of \$3.50 per acre per year is a reasonable compensation, and that this corporation under the record as it stands before us, is entitled, after having been fully repaid for its expenditures in developing this system, to levy this amount as a yearly tribute for the service which it is obligated to perform. Its compensation must bear an equitable relation to its cost of rendering the service, and in no event should it be in excess of the value of such service to the settlers.

The record contains much testimony as to the need for irrigation in Sutherlin Valley for the growing of trees. While the opinions of the various witnesses differ greatly, it is conclusively shown that many orchardists under this project, including this defendant itself, have not availed themselves of the right to use this water in the past, except in some instances, to a very limited extent for the raising of gardens. Without in any way attempting to pass upon the question of the necessity for irrigation, but assuming for the moment that irrigation is necessary, certainly the record will not support a charge of \$3.50 per acre on the basis of the value of the service to the water user. In this connection, it may be noted that many of the settlers have recently refused to pay this maintenance charge, and although threatened with suits, the accounts remain unpaid upon the books of the company.

There are 2,194.59 acres of land under this project owned by individuals entitled to water. Of this amount, 1,960.95 acres are charged a maintenance fee of \$3.50 per acre, the balance receiving the services of this company at \$2.50 per acre. In addition to this amount, the defendant itself owns some 1,469 acres under this system, on which no maintenance charge has ever been assessed or paid. The Luse Land and Development Company, Ltd., owns 164.94 acres, upon which no cash maintenance has been paid, although the intervenors contend the matter has been handled by credit being allowed the defendant company on its indebtedness with the development company.

Water is also furnished the city of Sutherlin for which a yearly charge of \$500.00 is made.

We are unable to determine why the land held by this defendant company should not bear its just proportion of the amount due for the service which is rendered, or it is contemplated shall be rendered, or why there should be any difference in the charges assessed the different settlers. Such a condition is plainly discriminatory, and the discrimination, we believe, is decidedly unjust. Every acre of land under this system, regardless of its ownership, should bear its just proportion of the recompense the defendant is entitled to receive for its service, and this burden should not be saddled upon a few to the exclusion of the remainder.

This defendant has issued bonds to the amount of \$100,000.00, which bear interest at the rate of six per cent per annum. It is contended that these bonds are a lien upon this irrigation system, and that the interest thereon, as well as the money required to retire the issue, should come from these maintenance fees. We are unable to concur in this view.

The resolution authorizing the issuance of these bonds was passed December 19, 1912, and reads, in part, as follows:

"Whereas it will become necessary for the J. F. Luse Company, in the transaction of its business and for the exercise of its incorporate rights, privileges and franchises, and in the extension of its irrigation system in the county of Douglas, State of Oregon, and in the development, maintenance and operation of said system, and for other lawful purposes and uses in connection with its business, to borrow the sum of \$100,000.00, and from time to time to issue and dispose of its obligations for the money so borrowed and the debts already contracted, and to be contracted, in pursuance of the aforesaid mortgage upon the irrigation and drainage systems, water rights, waterpower, and all other franchises, rights and privileges, incident to or in any manner pertaining to said systems, now owned by the said company, or hereafter to be acquired, etc."

The protecting mortgage "upon the irrigation and drainage systems, water rights, and waterpower, and all other franchises and privileges, incident to, or in any manner pertaining to the said systems now owned by the said company or

hereafter to be acquired" was given to the Northwestern Trust Company of St. Paul, and Ira C. Oehler, the intervenors herein, as trustees. The records of the defendant indicate this issue was for the purpose of discharging an obligation of \$100,000.00 taken over by the J. F. Luse Company from the Sutherlin Land and Water Company. This obligation appears upon the books as a credit to the Luse Land and Development Company, Ltd. The bonds were issued in accordance with this resolution, but were dated, however, October 1, 1911; the indenture creating the bonds being under date of December 24. This back dating resulted in an actual accrual of interest, payable by the J. F. Luse Company before its incorporation. It is also noted that these bonds were issued long after the construction of this irrigation system.

Of this issue, \$22,000.00 seems to have been actually sold, the remaining \$78,000.00 being held and owned by the Luse Land and Development Company, Ltd. As we have before pointed out, the purchase price paid for the land by these settlers contemplated, not only the land but all improvements, including the water rights, headworks, flumes and ditches. The cost of this system having been provided for, it would seem if bonds were issued, and the system mortgaged, some asset should have been received in exchange for the bonds. In normal cases cash is the asset received in exchange for bonds. In this instance, however, it is evident from the records of the defendant company, that actually no asset was received, but the outstanding obligation of \$100,000.00 owed to the Luse Land and Development Company, Ltd., was canceled, and as previously stated, the bonds are for the most part held by that company. If, therefore, any claim for interest, as a legitimate charge against the irrigation system is to be made, the system should have the use of the cash which ordinarily should have been received for the bonds so issued. There is no record which shows the receipt of any cash from the sale of these bonds for the use of this irrigation system, and from the statements submitted by the defendant showing the charges for maintenance and depreciation, it is evident that no such funds have ever been available for the use of the irrigation system.

Owing to the condition of the defendant's accounts, it is impossible to determine the exact amount which may properly be charged to the maintenance and supervision of this system. According to the defendant's submissions, which have been verified by the Commission's staff, \$22,869.13 was received during the period 1912 to 1915, inclusive, one month only of 1912 being considered. The cost of labor and supplies during the same period was \$9,136.18. This latter figure includes not only maintenance and supervision, as such, but also betterments, chief among which may be mentioned the placing of concrete linings in portions of the ditches. No segregation between actual maintenance and betterments is possible without the use of estimates. However, the estimates of the company's employees, as well as those of the Commission's own experts, would indicate that at least \$4,000.00 of this amount has gone into betterments, and should properly be charged against capital account. In addition, \$1,950.14 appears to have been spent on account of drainage, at least \$1,000.00 of which is properly chargeable to capital account. Summarizing it appears that of the \$22,869.13 received as maintenance fees, approximately \$4,136.18 has been expended for that purpose, leaving a balance of \$18,732.95 paid by these settlers on account of maintenance still unspent for that purpose.

To properly maintain this irrigation system, and enable the defendant to reasonably discharge the obligation it has assumed, good practice would require the accumulation of a depreciation fund to care for renewals and replacements as they become necessary. Such an allowance, we believe, is a just charge against the water users and should be set aside from the funds derived by the company for its services in connection with the operation and maintenance of this system. An allowance of \$1,250.00 to cover the annual depreciation in this system will be made. This amount shall annually be set aside and carried in a depreciation fund, and shall be expended for the renewal and replacement of depreciated structures upon this system, and not otherwise, and shall be accounted for in conformity with the Commission's uniform system of accounts.

From a study of past maintenance conditions, as reflected by this utility's records, in connection with the personal inspection made of this irrigation plant, the following estimate, which is deemed to be liberal, of annual expense has been made:



Cost of labor, supplies, taxes, etc.....	\$1,365.00
Drainage .....	320.00
Superintendence and office expenses.....	900.00
Depreciation allowance.....	1,250.00
<b>Total .....</b>	<b>\$3,835.00</b>

As before pointed out, there are approximately 3,829 acres of land under this project, as indicated by the books of the company. Assuming a maintenance fee of \$1.00 per acre, this acreage would return an annual revenue of \$3,829.00, which, added to the \$500.00 per annum received from the city of Sutherlin, would provide a fund of \$4,329.00 with which to meet these expenses. The surplus should be ample to cover all contingencies, such as unforeseen expenses, uncollectible accounts, etc.

The contracts involved in this proceeding call for the delivery of approximately six acre inches of water per year. While we are unable to discover other irrigation companies operating in this state under conditions similar to those which surround the operations of this defendant, the maintenance fee charged on other projects are of interest inasmuch as the conditions elsewhere are without exception less favorable to the operating company than those found to exist in this case. The following tabulation is illustrative of the rates charged elsewhere in the state:

Company	Amount of Water Delivered	Maintenance Fee
Central Oregon Irrigation Co.....	1.80 acre feet	\$ .80 per acre
Central Oregon Irrigation Co.....	1.80 acre feet	1.00 per acre
State of Oregon (Tumalo project).....	1.80 acre feet	1.00 per acre
U. S. Government (Umatilla project).....	2.00 acre feet	1.00 per acre
U. S. Government (Klamath project).....	2.00 acre feet	1.25 per acre

From a careful consideration of the foregoing, and based upon all the facts disclosed by its investigation, the Commission is convinced, and now determines that a just, reasonable and proper annual charge for this defendant to make, as a maximum, for the services rendered by it in connection with this irrigation system, is the sum of \$1.00 per acre, payable in advance, on or before the first day of May of each year, and applicable to each and every acre of land under this system and served thereby. The present charge imposed and collected by this company in this behalf, insofar as it exceeds \$1.00 per acre is unjust, unreasonable and excessive.

Twenty days is a reasonable time within which to comply with the provisions of this order.

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED, that within twenty days from and after the service of a copy of this order upon it, the defendant, The J. F. Luse Company, and W. E. St. John, as receiver thereof, shall cease and desist from the violations of law hereinbefore set forth and shall substitute in lieu of the present maintenance charge imposed and collected by it, a rate which does not exceed the just, reasonable and proper charge hereinbefore set forth, to wit: \$1.00 per acre per year.

IT IS FURTHER ORDERED that from the revenues derived from this charge, a depreciation fund of \$1,250.00 per annum shall be set aside and shall be accounted for and expended in the manner hereinbefore indicated, and not otherwise.

In the matter of prescribing and fixing standards for Grain, hay and other agricultural products, and the promulgation of rules and regulations covering the handling, weighing, inspecting and storage of grain, hay and other agricultural products and the management of public and terminal warehouses.	} No. G-F-1

(ORDER ENTERED JULY 31, 1917—P. S. C. ORDER NO. 222)

This order embraces the Oregon grain and hay standards and laws, rules and regulations governing warehouses, weighing and inspection. Adopted under authority of Chapter 333 of the General Laws of Oregon for 1917, and published in pamphlet form.

In the matter of free service to new subscribers by the  
HOME TELEPHONE & TELEGRAPH COMPANY of Portland,  
Oregon, and OSWALD WEST, Receiver thereof. (In- } No. U-F-192  
vestigation on Commission's own motion).

(ORDER ENTERED AUGUST 4, 1917—P. S. C. ORDER NO. 226)

Investigation regarding Supplementary Rate Schedule "J" (P. S. C. Or. No. 1), filed July 21, 1917, by Oswald West, Receiver of the Home Telephone & Telegraph Company, of Portland, Oregon, effective August 1, 1917, whereby no charge is made new subscribers of residence telephones for the first three months' service.

**Appearances:**

Oswald West, Receiver of the Home Telephone and Telegraph Company of Portland, Oregon; J. B. Middleton, Manager and Secretary of the Company; Richard W. Montague, Attorney for receiver and telephone company.

On July 21, 1917, Oswald West, as receiver of the Home Telephone & Telegraph Company of Portland, Oregon, filed with the Public Service Commission of Oregon what is designated as "Supplementary Rate Schedule J. (P. S. C. Or. No. 1), Residence Service," providing a rate to subscribers of residence telephones of the Home Telephone & Telegraph Company of \$2.25 per month with twenty-five cents discount if paid on or before the tenth of the current month. Under this schedule is the following note:

"Charge for service will not begin until three months from date of installation."

After an investigation of this proposed practice, the Commission, on July 31, filed a statement and notice against the above company and Oswald West, as receiver thereof, wherein the fact that such investigation had been made was set forth and a hearing ordered to determine the lawfulness of free service to new subscribers of residence telephones.

At the request of the company and the receiver that the matter be heard at an early date, and with the consent of all parties concerned to waive the statutory time for filing an answer and the giving of notice of hearing, the case was heard at the court house in Portland, Oregon, on August 1, 1917.

At the hearing it was admitted by the company and the receiver that the Home Telephone & Telegraph Company of Portland, Oregon, is a public utility as defined by Chapter 279, General Laws of the State of Oregon for the year 1911; that Oswald West is the duly and regularly appointed receiver thereof; and that the Commission has jurisdiction of the matter. It was further admitted that the company is engaged in the conveyance of telephone messages within the state of Oregon; that its service is classified as residence service and business service, a higher rate being charged for business telephones; and that the free service to new subscribers did not apply to business telephones which are now or may hereafter be installed, or to residence telephones already installed.

Almost the entire hearing was devoted to an informal discussion of the right, under Chapter 279, Laws of 1911, to make this concession to new subscribers.

The Home Telephone and Telegraph Company of Portland, Oregon, was organized in 1905 under the laws of the State of Oregon, and shortly thereafter began installing its plant and furnishing telephone service. At the present time there are several thousand users of both residence and business telephones. Recently a receiver was appointed on account of financial difficulties of the company.

It is contended that by giving three months' free service to subscribers of residence telephones, the company will thereby be enabled eventually to increase its revenues without materially adding to its present expense of operation, and without throwing any added burden on its present subscribers; and, furthermore, that new business could thus be procured at a much less expense than by any other means of advertising.

In recent years most of the states of the Union have enacted laws creating Commissions with power to regulate public utilities and prohibiting and declaring illegal certain practices and regulations formerly indulged in by such utilities. Many times these practices were done in the utmost good faith, while, in other instances the utilities resorted to them for the purpose of gaining some undue advantage to itself even at the expense of the general public.

Although public utilities are distinguishable from private corporations which are not classed as public service concerns, nevertheless, we feel that reference to the method adopted by some of the larger corporations of the country, until Congress intervened by the passage of the Sherman Anti-trust Act, may be made in order to illustrate the disastrous effect the practice proposed by this company might lead to if sanctioned by law.

In the past it has not been uncommon for these powerful private corporations with unlimited means to enter a new field, and, if the competitor there encountered did not sell at the price offered, to eliminate all competition by selling its commodities at such a low figure as to make it impossible for the weaker competitor to exist, or if necessary to give away its products until such time that it had complete control of the field.

If a public utility were permitted to install service on the condition that its new patrons would not have to pay for the first three months' service, there is no good reason why it could not extend the prohibition period to six months or even longer. In a field where two or more gas companies, for instance, were operating, it is more than likely that if one of the companies offered free gas for three or six months to new subscribers, this offer would be a sufficient inducement to acquire all the gas users of the community. The inevitable result of such practices would mean the practical annulment of the Utilities Act; permit the establishment of a method to stifle legitimate competition; bring ruin to the weaker utilities and, in many cases, bankruptcy to the one adopting such a method.

Property once devoted to a public use can not be withdrawn as long as there is a public demand for its use. The public is therefore vitally interested in preventing any practice which would in any way affect the financial condition of such a utility.

What has already been said is more or less preliminary to the main question. We are here primarily concerned in ascertaining whether or not the Public Utility Act permits the giving of free service as proposed. If the Act does not prohibit it the Commission has no power to interfere; while, on the other hand, if the Act prohibits it, the Commission has no discretion in the matter.

Section 62, Chapter 279, Laws of 1911, is particularly applicable to the utility in this instance, and provides in part as follows:

"If any public utility or any agent or officer thereof shall, directly or indirectly, by any device whatsoever or otherwise, charge, demand, collect or receive from any person, firm or corporation a greater or less compensation for any service rendered or to be rendered by it in or affecting it relating to the conveyance of \* \* \* telephone messages or for any service in connection therewith \* \* \* than it charges, demands, collects or receives from any other person, firm or corporation for a like and contemporaneous service under substantially similar circumstances, such public utility shall be deemed guilty of unjust discrimination, which is hereby prohibited and declared to be unlawful \* \* \*."

It is, however, suggested that the service proposed is not "a like and contemporaneous service under substantially similar circumstances" as that of old subscribers. With this contention we are not in accord. That this service is "like" the service already furnished to residence subscribers is attested by the fact that the charge, when imposed, is the same. The service is also "contemporaneous"—it is furnished at the same time. The contracts to furnish service or the applications for service may not be made or filed contemporaneously, but the statute does not refer to when the service begins. It is sufficient if it is furnished at or near the same time. The service is also furnished or to be furnished under substantially similar circumstances. A patron who subscribes for service on August 1, 1917, is to have the same service and like privileges as the subscriber who applied for and procured service on July 31, 1917. The only difference is one subscriber's service may begin a few days earlier than the other.

In passing on a similar contention, the court, in the case of *Mitchell Coal & Coke Co. v. Pennsylvania R. Co.*, 181 Fed., 403-411, said:

"The defendant also argues that in computing the damages 'contemporaneous service' must be confined to shipments made for the plaintiff and for the favored shippers at the same, or practically the same, moment of time; and that shipments a week apart, or certainly a month apart, would therefore be too remote. No doubt 'contemporaneous' means 'at the same time,' but at the same time what? A term is evidently implied which must be looked for in the context and in the subject matter of the statute. In my opinion the well-known evil aimed at in Section 2 requires the court to hold that the implied term in the comparison is the

offending rates, making the word to mean 'at the same time with the offending rates,' and that, as long as these rates remain in force, the services rendered to a complaining and to a favored shipper are 'contemporaneous' within the meaning of the statute. As far as I am aware, there is no decision upon this subject, but *Wight v. United States*, 167 U. S. 512, 17 Sup Ct. 822, 42 L. Ed. 258, furnishes, I think, some inferential support to the construction just given."

See also *Hillon Lumber Company v. Atlantic C. L. R. Co.*, 53 S. E. 823.

The provisos in the above section are against the contention that free service can be given as provided in the schedule above referred to. These provisos name those to whom free or reduced rates may be given and the naming of certain ones excludes all others.

Section 64 of the Act, while not particularly applicable to the facts before the Commission, is in conformity with the spirit of the Act in that it attempts to prevent by any subterfuge undue discrimination by prohibiting the furnishing of service in consideration of the user providing any part of the facilities in connection therewith.

The giving of free service for three months or for any length of time or at reduced rate to new subscribers, is the giving of undue and unreasonable preference and advantage to the new subscribers over the old ones, and is condemned by Section 65 of the Act.

Any utility which furnishes or offers to furnish service at free or reduced rates, or which makes any concession whatsoever to new subscribers, not only violates both the letter and spirit of the Act, but subjects those to whom such service is furnished to a severe penalty.

In order that the duty to observe the plain mandate of the people should be reciprocal, Section 66 of the Act makes it "unlawful for any person, firm or corporation knowingly to solicit, accept or receive any rebate, concession or discrimination in respect to any service in or affecting or relating to \* \* \* the conveying of \* \* \* telephone messages within this state, or for any service in connection therewith whereby any such service shall, by any device whatsoever, or otherwise, be rendered free or at a less rate than that named in the published schedules and tariffs in force as provided herein, or whereby any service or advantage is received other than is herein specified."

The Minnesota commission had before it recently the question of the lawfulness of an offer made by a new telephone company to give free service until three hundred subscribers had been procured. In declaring such practice illegal the commission said:

"The attempt to give free service until three hundred subscribers have been secured is a direct violation of the act. It appeared in the discussion that telephone companies do frequently give free service in an effort to install an exchange until a certain number of subscribers have been secured. This has been considered as a promoting expense. The State, however, has made that practice impossible." (*In re Northwestern Telegraph Co.* P. U. R. 1915 E. 344.)

If the practice adopted in Minnesota is illegal, there is absolutely no justification for the practice attempted here where free service is to be furnished new subscribers at the expense of old ones, many of whom undoubtedly became patrons of the company in its infancy and have continued to contribute what was asked of them during the financial troubles besetting the company. The practice of granting concessions to new subscribers is not novel or untried, and while it might in some instances be the means of furnishing better service at less expense to all patrons of the utility, nevertheless the result of such a procedure is too uncertain and speculative.

We need not inquire why this practice was condemned by the statute. All that we are concerned with is to ascertain the meaning of the law and enforce it as we find it. There is absolutely nothing unreasonable or unjust in the construction which has been placed on the Act.

IT IS, THEREFORE, ORDERED AND DETERMINED that the Home Telephone and Telegraph Company of Portland, Oregon, and Oswald West, as receiver thereof, desist from putting into effect the Supplemental Rate Schedule above referred to or from giving or offering to give service free or at reduced rates to any subscribers, except those mentioned in Section 63 of the Public Utility Act.

In the Matter of the Application of SQUAW CREEK IRRIGATION COMPANY for authority to increase rates. } No. U-F-174

(ORDER ENTERED AUGUST 6, 1917—P. S. C. ORDER NO. 229)

Representing that its revenues from the ownership, management, operation and control of a system devoted to delivering and furnishing water for irrigation under its present rates are inadequate and unreasonable the Squaw Creek Irrigation Company filed an application seeking to increase its rates from 35 cents per acre foot to 60 cents per acre foot. Shortly thereafter an amended application was filed seeking a rate of \$1.00 per acre foot instead of the 60-cent rate originally sought.

Upon receipt of notice of the filing of these applications, various water users under the irrigation system secured counsel and entered an answer and cross complaint denying all but the formal allegations of the application and alleging that the present rates of the applicant are excessive and unjust, that its rules and regulations are unreasonable, unfair and discriminatory, and that the service, equipment and facilities furnished by the company are inadequate and unsafe.

Upon the issues thus joined, public hearing was held at Sisters, Oregon, on May 7, 8 and 9, 1917, and a personal inspection of the applicant's system was made by the Commission.

**Appearances:**

For applicant, Jay H. Upton and M. R. Elliott, its attorneys.

For the water users, Vernon A. Forbes, their attorney.

A determination of the value of the applicant's property was deemed essential, and full information regarding the capitalization and history of the applicant, the value of its property and results of its past operations, was requested. This information insofar as it was available, has been submitted by the utility. In addition thereto, an independent inventory and appraisal of the property was made by an engineer employed by the water users, and a third estimate was made by the Commission's engineering staff. These estimates are a part of the present record.

The underlying theories and methods employed by the Commission in valuation investigations have been fully set forth in former cases, and need not again be discussed. See *Campbell v. Hood River Gas & Electric Co.*, Ninth Annual Report, P. S. C. Or. p. 63; P. U. R. 1915 D 855; *Preliminary Findings re Portland Railway, Light & Power Co.*, Tenth Annual Report, P. S. C. Or. p. 67; P. U. R. 1916 D 977; and *Final Findings of Value re Portland Railway, Light & Power Co.*, P. U. R. 1917 D 962 as typical.

The Commission has carefully considered all the pertinent facts disclosed by its investigation, and now being fully advised, finds that the value of the property of this applicant, used and useful in the service of the public, was on May 1, 1917, the sum of \$46,058.00. The term "value" as here used, is not to be confused with sale or exchange value, value for purposes of taxation, or other like concepts to which the term has been applied. It is rather a value for rate making purposes, and is derived from a special consideration for a particular purpose of elements relevant when considered in the light of such particular purpose.

The statute contemplates that the Commission shall make allowance for a depreciation annuity in each rate case. After making due allowance for depreciation contingencies, the sum of \$400.00 per annum is determined to be a proper amount to be set aside in a depreciation fund to keep this property in a proper state of efficiency and to facilitate prompt replacement of depreciable property and insure continuity of service. Such an amount shall be set aside and carried in a depreciation reserve, and such money as shall be available shall, before the declaration of any dividends, be carried into a depreciation reserve fund and be expended in the manner contemplated by law, and not otherwise.

While the acreage actually irrigated varies from year to year, there are approximately 7,700 acres in this project subject to irrigation and which, under reasonable rates, should be irrigated from this system. The economic duty of water in this district is about two acre feet per year. It is apparent at the outset that the value of the service to the water user must be the measure of the rate to be charged. Any rate designed to provide a fair return upon the value of the property devoted to this service would so far exceed the ability of the average user to pay that its attempted imposition would result in the discontinuance of the service by the user. The crops on this project consist principally of hay and

grain, the annual yield averaging approximately two tons of hay and from ten to fifteen bushels of wheat, or twenty to twenty-five bushels of oats per acre. Even with the present favorable market prices, the rate applied for of \$1.00 per acre foot per year would greatly curtail the use of water, and in many cases probably drive the settler to dry farming. Such a condition would not only result in disaster for the company, but would entail an economic loss which could only be justified by absolute necessity.

On the other hand, the present rate of thirty-five cents per acre foot is insufficient to meet the reasonable operating expenses of this system, and provide a depreciation fund to insure the continuity of service which is so essential to the welfare of the community.

The limits of the rate thus seem to be well defined. The maximum above which it must not go is determined by the value of the service to the patron, and the minimum below which it should not drop by the reasonable cost of operating the system.

With this idea in view, the Commission finds that a rate of sixty cents per acre foot per year for water delivered by this company is reasonable and just, and is a rate which, with the strictest operating economy consistent with reasonable service, will result in the greatest net revenue possible to be afforded the utility under the present conditions.

From a consideration of the foregoing findings, in connection with the entire record before us,

IT IS ORDERED that the Squaw Creek Irrigation Company be, and it hereby is authorized to advance the rate now charged to its patrons for the service rendered, the advanced rate, however, not to exceed that hereinbefore found to be reasonable.

IT IS FURTHER ORDERED that this utility shall set up as a part of its accounts the depreciation reserve herein found to be reasonable and necessary, which reserve, insofar as possible, shall be set aside and carried in a depreciation fund and shall be expended as contemplated by law, and not otherwise.

This order shall become effective September 1, 1917, prior to which time the utility shall publish and file in the manner provided by law and the rules of the Commission, a tariff setting forth such rate, together with reasonable rules and regulations regarding the application thereof.

In the Matter of the Investigation and Suspension of }  
Advances in Rates by the GREAT SOUTHERN RAILROAD } No. F-600  
COMPANY.

In the Matter of the Application of the GREAT SOUTHERN }  
RAILROAD COMPANY for Increase in Intrastate Freight } No. F-611  
Rates in Oregon.

(ORDER ENTERED AUGUST 6, 1917—P. S. C. ORDER NO. 230)

On May 14, 1917, the Great Southern Railroad Company offered for filing with this Commission a supplement to its Local Freight Tariff, P. S. C. Or. No. 5, covering a general advance in all its intrastate class and commodity rates. Inasmuch as this supplement named rates on certain commodities which were in excess of those established by formal order of the Commission, the tariff was rejected, and the company notified that no advance in such rates could be made without modification of the former order after formal hearing upon an application for that purpose.

Thereafter a formal application for a modification of the Commission's order was filed. The tariff was thereupon received, and by order of the Commission suspended until September 29, 1917, pending a hearing and investigation as to the reasonableness of the proposed advances.

Public hearing upon the application and suspension was held at The Dalles on July 24, 1917, and the matter now stands fully submitted and ready for decision.

#### Appearances:

For the Great Southern Railroad Co., George W. Joseph, its attorney.

For interested shippers, G. D. Brodie, their attorney.

These cases are a part of the so-called "15% advance rate cases" which have recently been heard by the commission. A single order will suffice for the two cases.

Great Southern Railroad Company, an Oregon corporation, is one of the so-called minor railroads operating within this state. Its road extends from The Dalles to Friend, Oregon, a distance of 40.67 miles. The territory served is devoted chiefly to grain and stock raising, approximately 70% of the traffic handled consisting of grain and its products.

The operation of this road, at least during recent years, has not been profitable. The following comparative income statement shows the results of operation for the years shown:

	1914	1915	1916
Railway operating revenues .....	\$46,629.64	\$43,556.26	\$43,085.41
Railway operating expenses.....	40,228.64	28,603.36	31,094.72
Net railway operating revenues.....	\$ 5,401.00	\$14,952.90	\$11,909.69
Railway tax accruals.....	4,402.25	4,601.90	4,202.00
Railway operating income.....	\$ 998.75	\$10,351.00	\$ 7,788.69
Total non-operating income .....	\$ 312.82	\$ 100.94	\$ 131.65
Gross income.....	1,311.57	10,451.94	7,920.32
Total deductions from gross income.....	\$31,856.77	\$31,785.07	\$31,841.34
Net deficit .....	\$30,545.20	\$21,333.13	\$23,921.02

It is obvious the company is entitled to increased earnings if they can be secured without imposition of unjust, unreasonable or unjustly discriminatory rates. The patrons of the company who were represented at the hearing were unanimous in the statement that they could well afford to pay the increased rates, and that their imposition would cast no undue burden upon them. Under such circumstances, and especially in view of the increased cost of operation now confronting this railroad due to the present high wage scales and material prices, the rates sought to be advanced are unjust and unreasonably low. It follows the advances should be allowed.

IT IS, THEREFORE, ORDERED that further proceedings in Case No. F-600 be discontinued, and that Supplement No. 2 to Great Southern Railroad Company Local Freight Tariff bearing P. S. C. Or. No. 5, be allowed to become effective August 30, 1917.

IT IS FURTHER ORDERED that the application of the Great Southern Railroad Company for a modification of the order of this Commission entered in Case No. F-356 on the 12th day of November, 1914, be and the same hereby is granted; that the rates named in such order be, and they hereby, are changed to conform to the following schedule which is now found to be reasonable:

To The Dalles, Oregon, from		Rates in cents per 100 pounds
Seuferts .....		3½
Petersburg .....		4½
Fairbanks .....		5
Fultons .....		5½
Brookhouse .....		6
Danville .....		6
Neabeck .....		6½
Emerson .....		7
Wrentham .....		7
Rice .....		8
Boyd .....		8½
Dufur .....		9
Annalore .....		10½
Three Springs .....		11½
Friend .....		12½

Rates from The Dalles to the above named points will be 1 cent per 100 pounds higher than the rate from such points to The Dalles, and that such increased rates become effective upon their publication and filing in the manner provided by law and the rules of this Commission.

In the Matter of the Adoption of Rules and Regulations  
 Governing the Operation of Corporations Organized  
 to Build Dams and Booms and to Drive and Catch  
 Logs and Timber Products; and for the Identification  
 of Forest Products After Being Boomed and Rafted. } No. L-F-7

(ORDER ENTERED AUGUST 20, 1917—P. S. C. ORDER NO. 238)

"The following rules and regulations are adopted and prescribed by the Public Service Commission of Oregon in accordance with the provisions of Chapter 128 of the General Laws of Oregon for the year 1917."

All corporations obtaining franchise shall:

Rule 1. File copy of articles of incorporation with the Commission ten days prior to date of hearing on application for a franchise.

Rule 2. File tariff stating clearly and fully reasonable and not unjustly discriminatory rates for each class of service separately, together with reasonable rules governing the same which are not in conflict with the rules or orders of this Commission ten days before beginning operations. A complete file of current tariffs and rules governing same shall be open for public inspection at the offices of the boom or driving company.

Rule 3. Keep a permanent and accurate record of all forest products handled, including full scale showing the actual contents in feet board measure of logs, as arrived at by use of the Spaulding scale as amplified or supplemented by Columbia River scale; the actual number of feet board measure of ties, and hewn and sawn timber; the number of lineal feet of all poles and piling; and the number of cords of wood or shingles or wood pulp bolts, and the number of fence posts; each lot separately, including the names of parties for whom handled, together with all brands and marks.

Rule 4. File a statement January 15, April 15, July 15 and September 15 of each year, showing in detail the full amount of forest products handled for the preceding three calendar months, and make remittances of fees for same as provided by law.

Note: For the purpose of arriving at the amount of fees to be paid the Commission by corporations operating under this act, the following estimates will be used where it is impossible to ascertain the exact number of feet board measure:

Each cord of wood or shingle or wood pulp bolts—1,000 ft. B. M.

Each linear foot of piling or poles not exceeding 22" in diameter at large end—5 ft. B. M.

Fence posts per linear ft.—2ft. B. M.

Hewn ties and timbers same as sawn timbers of same face and thickness.

Annual and other reports showing operations, etc., as may be required by Commission.

Rule 5. Shall handle all forest products promptly, conditioned upon stage of water, and without unjust discrimination and shall provide adequate and safe facilities for the conduct of its business.

Rule 6. Shall notify promptly by mail, or in a manner to be agreed upon, all consignees, of the arrival of forest products at the boom.

Rule 7. Reasonable rules, including rules defining acceptance of and delivery of forest products, and governing the services to be performed under franchises granted by this Commission shall be published by the boom and driving companies and furnished patrons. A copy of such rules shall be filed with the Commission and be on file and open to public inspection at the offices of the company.

Rule 8. All persons desiring the services of driving, rafting or boom corporations organized under this act, shall give proper and reasonable notice to such corporation or corporations, of any forest products to be moved, which shall include all marks or brands as well as the approximate quantity of each kind of forest product to be moved and the approximate date they desire it shall be moved.

Rule 9. All brands or marks used by parties desiring service under this act shall be recorded with the Public Service Commission of Oregon, and with the driving, rafting or boom corporation or corporations from which service is desired before forest products are offered or placed in streams. Such brands or marks shall not conflict with brands or marks already in use in the same locality and shall be legible and of such nature as to enable the operators to easily distinguish the various forest products handled for the different consignees. The



brands or marks on logs, piling, ties and large timbers should be indented and be at least two inches in diameter and there shall be a sufficient number of marks, or brands on the outer edge of each end of logs, piling, ties or large timbers to avoid danger of all marks being obliterated in transit to the boom.

Rule 10. The Commission and the driving, rafting or boom corporation or corporations shall be notified immediately by the party or parties recording brands or marks when such brands or marks are changed or altered or are to be no longer used.

Rule 11. Owners of forest products shall furnish promptly when required, all boom sticks and attachments or other appliances necessary to enable boom companies to raft forest products immediately upon arrival of such products at the boom.

Rule 12. All forest products which are not removed from the boom within a reasonable time after they are rafted and ready for delivery may be stored by the boom company at consignee's expense at published tariff rates.

In the Matter of the Investigation of Crossing of Highway with Railroad Track at Hogan Station on the PORTLAND RAILWAY, LIGHT & POWER COMPANY's line. } No. F-612  
(Investigation on Commission's own motion.) -

(ORDER ENTERED AUGUST 24, 1917—P. S. C. ORDER NO. 240)

"This proceeding has been brought by the Commission on its own motion for the purpose of determining what action, if any, should be taken providing for the protection, regulation, changing, separation of grades, or elimination of the crossing, at grade, of a county road and the railroad track of the Portland Railway, Light & Power Company at its Hogan Station, in Multnomah County, Oregon.

Pursuant to the statutory notice, a public hearing was held in Portland, Oregon, on August 16, 1917, and the Commission accompanied by representatives of the railroad company and the county, personally inspected the site of the crossing and the adjacent territory."

#### *Appearances:*

For Portland Railway, Light & Power Co., T. S. Robinson, its attorney.

For Multnomah County, Philo Holbrook and A. A. Muck, County Commissioners.

From its inspection and the record before it, the Commission is convinced that further protection at this crossing is necessary. In order to afford adequate protection, and to insure reasonable safety at this point, the Commission is of the opinion the following action should be taken by the respondent railroad company and Multnomah County, to-wit:

1. An additional highway crossing warning sign shall be installed and maintained at an appropriate point on the south and east side of such crossing.

2. Sufficient brush shall be removed on the south and west side of the crossing to insure an unobstructed view of the railway for a distance of not less than 500 feet by a traveler upon the highway when not less than 80 feet from the crossing.

3. At an appropriate distance from the crossing upon the railroad right of way, standard whistling posts shall be installed and maintained, and no trains shall pass such posts without sounding the customary highway crossing signal with their whistles, nor shall they pass over such crossing except with bell ringing.

4. The grade of the southerly approach to the crossing shall be lessened by extending the approach not less than 20 feet, and such approach, when extended, shall be fully replanked, and such other action taken in regard thereto as may be necessary to place it in first-class condition.

5. On or before September 1, 1918, the present bridge over Johnson Creek shall be relocated. In the relocation thereof, it shall be raised to the level of the railroad grade and moved approximately 75 feet westerly from its present location. The

crossing shall thereupon be relocated to correspond thereto. The object of this relocation is to eliminate the grade in the approach to the crossing, and to avoid, as far as practical, the curvature now existing in the highway on either side of the crossing.

IT IS, THEREFORE, ORDERED that within 20 days from and after the service of a copy of this order upon them; the Portland Railway, Light & Power Company and Multnomah County, Oregon, shall provide for the further protection of the crossing involved herein by taking the action set forth in paragraphs numbered 1, 2, 3 and 4 hereof, and shall, on or before September 1, 1918, take the further action set forth in paragraph 5.

All work required by this order shall be done in a good and workmanlike manner, and such other and further matters and things shall be done as may be necessary to comply fully with the intent and spirit hereof.

The parties hereto will be given the opportunity to agree upon the apportionment of the expenses incident to the further protection of this crossing as above set forth, and in the event of their agreement, no action in regard thereto will be taken by the Commission.

Prior to the relocation and reconstruction of the bridge and crossing as above specified, complete plans and specifications shall be submitted to the Commission for its approval, and jurisdiction herein for such purpose, and for the purpose of apportioning all the expenses incident to the further protection of this crossing, should the parties fail to agree thereon, is hereby retained.

In the Matter of the Rates, Charges and Regulations of }  
THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY. } No. U-F-117  
(Investigation on Commission's own motion.) }

(ORDER ENTERED OCTOBER 4, 1917—P. S. C. ORDER NO. 264)

"A general investigation of the rates, rules, regulations and practices of The Pacific Telephone & Telegraph Company has been instituted by the Commission on its own motion and is now pending. Owing to the magnitude of the investigation, and the intricate character of the questions involved, it has been deemed advisable to handle the investigation by primary subjects. The testimony has been submitted with this end in view, and separate orders have been and others will be issued covering the different features as the investigation progresses. The question with which these findings will deal is that of the value of the respondent's property so far as it relates to the operations of the company in this state."

#### Appearances:

For The Pacific Telephone & Telegraph Company; C. H. Carey of Carey & Kerr, Counsel. James T. Shaw, Attorney.

In response to an order of the Commission, the utility has submitted detailed exhibits covering, as fully as available information would permit, the various elements which enter into the determination of values for the purposes in which we are interested. These submissions have been checked by the Commission's staff, and an independent reproduction cost estimate compiled. Both the submissions of the utility and the exhibits compiled by the Commission's staff have been introduced in evidence and are a part of the present record.

#### History of Respondent:

The Pacific Telephone & Telegraph Company, a corporation of the State of California, is the owner of, and is engaged in operating a telephone and telegraph plant and equipment by means of which it furnishes both local and long distance telephone and telegraph service generally throughout the State of Oregon and other Pacific Coast states.

When this respondent was organized, December 31, 1906, a large part of the property now owned by it was owned and operated by the Pacific States Telephone and Telegraph Company and the Sunset Telephone and Telegraph Company. At that time the stock of the Sunset Company, except qualifying shares, was owned by the Pacific States Company.

Thereafter there occurred a series of transfers of stock and property between these companies, which ultimately resulted in the acquisition by The Pacific Telephone and Telegraph Company of such of its present properties as were owned

by those companies. The Sunset Company and the Pacific States Company are now controlled through 100 per cent stock ownership by this respondent.

Since its inception in December, 1906, the respondent has also acquired other telephone properties in Oregon, Washington and California, in the acquisition of some of which it assumed certain obligations with reference to bond issues of the selling companies. These issues, with one of its own, constituted the bonded indebtedness protected by this company's properties on December 31, 1916, the date as of which these findings are made.

A brief description of these bonds follows:

*The Pacific Telephone and Telegraph Company:*

First mortgage and collateral trust, 5%, sinking fund, 30 year, gold bonds; date of issue, January 2, 1907; par value authorized, \$35,000,000.00.

*Home Long Distance Telephone Company of San Francisco:*

First mortgage, 5%, sinking fund, 20 year, gold bonds; date of issue, March 15, 1912; par value authorized, \$7,080,000.00.

*The Home Telephone and Telegraph Company of Spokane:*

First mortgage, 5%, sinking fund, 30 year, gold bonds; date of issue, May 15, 1906; par value authorized, \$3,000,000.00.

The issues of the Home Long Distance Telephone Company of San Francisco and The Home Telephone and Telegraph Company of Spokane are guaranteed, principal and interest, by the Pacific Company, and the property covered by the protecting mortgages has been so mingled in the general system that its identity is largely lost.

Under this guaranty, neither the issuing company nor any bond holder shall have recourse under any circumstances to any person, statutory or constitutional liability against any stockholder or director of the Pacific Company arising out of such guaranty, or any provision therein, whether such liability now exists or shall accrue hereafter, but the said issuing companies and each such bondholder shall look for the fulfillment of such guaranty covenant and the payment of all amounts to become due thereunder solely to the corporate assets and franchises of the Pacific Company, it being understood that such assets shall not be considered as embracing any claim which might under other circumstances be enforceable either by the creditors of the Pacific Company, by a receiver on their behalf, or by the Pacific Company itself against a stockholder under any law now or hereafter in force by reason of any alleged insufficiency in the payment for shares of stock.

In case the Pacific Company shall fail promptly to perform each and all of the covenants of these guaranty agreements, the trustee under the mortgages given to secure said bonds, shall be entitled to bring suit thereon against the Pacific Company on behalf of such holders or registered owners of said bonds as by proper instruments in writing, duly executed shall authorize said trustee to sue in their behalf, but this right given to said trustee to bring such suit shall not limit the right of any holder or registered owner of said bonds to bring suit in his own name upon the agreement or the guaranty covenant upon his bonds.

The capital stock of this corporation, issued and outstanding December 31, 1916, amounted to \$50,000,000.00, as follows:

*Common:*  
180,000 shares, par value \$100.00 each.....\$18,000,000.00

*Preferred:*  
320,000 shares, par value \$100.00 each..... 32,000,000.00

The purposes for and manner in which this stock was issued and disposed of thus appears from the record:

	<i>Preferred</i>	<i>Common</i>
Issued in exchange for \$17,000,000.00 par value of stock of Pacific States Telephone and Telegraph Company .....	\$17,000,000.00	\$17,000,000.00
Sold at rate of \$100.00 for one share of common and one share of preferred.....	1,000,000.00	1,000,000.00
Sold at par.....	12,700,000.00	.....
Issued at par in part payment of properties of Bay Cities Home Telephone Company.....	1,300,000.00	.....
<b>Total .....</b>	<b>\$32,000,000.00</b>	<b>\$18,000,000.00</b>

The following information regarding the stock and bonds of this utility has been compiled from the record. The market quotations are as of March 31, for the year shown, all other figures as of December 31:

	1913	1913	1914	1915	1916
<b>STOCK</b>					
<i>Common—</i>					
Authorized .....	\$18,000,000.00	\$18,000,000.00	\$18,000,000.00	\$18,000,000.00	\$18,000,000.00
Issued .....	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00
Market prices .....	48	40 1/4	29 3/4	26 1/4	37 1/4
<i>Preferred—</i>					
Authorized .....	32,000,000.00	32,000,000.00	32,000,000.00	32,000,000.00	32,000,000.00
Issued .....	32,000,000.00	32,000,000.00	32,000,000.00	32,000,000.00	32,000,000.00
Market prices .....	99	97	90	90	96
<b>BONDS</b>					
<i>The Pacific Telephone and Telegraph Co.—</i>					
Authorized .....	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00
Issued .....	31,520,000.00	34,584,000.00	34,295,000.00	34,032,000.00	33,786,000.00
Sinking fund .....	202,000.00	416,000.00	705,000.00	968,000.00	1,234,000.00
Market price .....	100 1/4	100	98 1/4	97 1/4	100 1/4
<i>Home Long Distance Telephone Co, San Francisco—</i>					
Authorized .....	7,080,000.00	7,080,000.00	7,080,000.00	7,080,000.00	7,080,000.00
Issued .....	7,080,000.00	7,080,000.00	7,080,000.00	7,080,000.00	7,080,000.00
Sinking fund .....					
Market price (Sales) .....					94 1/4 / 95 1/4
<i>The Home Telephone &amp; Telegraph Co. of Spokane—</i>					
Authorized .....					
Issued .....				3,000,000.00	3,000,000.00
Reacquired by T. P. T. & T. Co. ....				1,561,000.00	1,561,000.00
Market price (Bids) .....				1,439,000.00	1,439,000.00
				75 1/4 / 80	80 / 88 1/4

*Original Cost:*

Due to the destruction of its records by fire, the respondent states it is impossible to ascertain either the original cost of the property as at the time it was put into service, or authentic information as to the cost to the present investors. Such figures as are available regarding this element of value are without supporting detail, to a large extent, and their verification is impossible. In the absence of supported figures, no finding as to original cost will be made.

*Engineers' Appraisals:*

Three appraisals have been submitted in this case—two by the utility, and one by the Commission's engineers. One of the estimates submitted by the utility, and the exhibit prepared by the Commission's force follow the familiar "Reproduction Cost Method." The remaining appraisal is based upon what is termed "Actual Performance." Summarized, the results obtained are as follows:

**THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY  
EXCHANGE AND TOLL PROPERTY IN OREGON  
JUNE 30, 1914**

	Commission Staff Reproduction Cost	Pacific Tel. & Tel. Co.	
		Reproduction Cost	Actual Performance
Intangible capital .....	\$ 444,745.00		
Exchange right of way.....	17,080.00	\$ 17,100.00	\$ 12,263.77
Land .....	308,740.00	320,800.00	321,452.16
Buildings .....	629,439.00	707,700.00	665,364.01
Central office equipment.....	1,310,869.00	1,423,100.00	1,383,338.00
Station equipment .....	816,067.00	894,300.00	876,917.37
Exchange pole lines.....	548,779.00	581,600.00	563,873.23
Exchange aerial cable.....	745,510.00	815,400.00	776,696.38
Exchange aerial wire.....	329,763.00	353,400.00	350,288.74
Exchange underground conduits.....	631,488.00	967,700.00	696,503.31
Exchange underground cable.....	822,281.00	939,600.00	875,641.36
Exchange submarine cable.....	18,998.00	21,900.00	20,153.77
Toll right of way.....	78,792.00	122,700.00	79,679.55
Toll pole lines.....	1,099,876.00	1,258,700.00	1,235,398.40
Toll aerial cable.....	379.00	500.00	413.81
Toll aerial wire.....	988,725.00	1,155,600.00	1,080,471.10
Toll underground conduit.....	888.00	1,300.00	967.81
Toll underground cable.....	4,588.00	5,200.00	4,847.23
Toll submarine cable.....	6,614.00	8,200.00	7,484.90
Office furniture and fixtures.....	33,121.00	36,300.00	36,806.43
Other general equipment.....	32,076.00	32,100.00	32,087.40
Interest during construction.....	288,396.00	260,800.00	119,504.11
Construction work in progress.....	213,352.00	213,400.00	213,873.40
Cash .....		101,100.00	101,128.90
Employees' working funds.....		23,309.00	23,252.20
Due from subscribers and agents.....		123,000.00	123,026.80
Materials and supplies.....		183,000.00	175,017.80
Organization .....		50,000.00	3,078.30
Undistributed construction expenditures .....	1,170,971.00	250,000.00	
Working assets .....	395,268.00		
Franchises .....		20,000.00	5,900.00
Losses from operation.....		480,800.00	
Interest during development.....		*1,547,200.00	
<b>Total .....</b>	<b>\$10,936,803.00</b>	<b>\$12,915,800.00</b>	<b>\$ 9,784,430.60</b>

\* No comparable figure shown in company's actual performance estimate or in reproduction cost estimate of Commission staff.

The two "Reproduction Cost Method" estimates follow the usual course pursued by engineers in making estimates of this character, and such differences as exist are due largely to differences of opinion. These differences are of such character as to render their discussion of no particular benefit, and in the interest of brevity none will be attempted.

The third estimate presents a theory new to this Commission. With the exception of this respondent's presentation to the Public Service Commission of Washington, and that Commission's decision thereon, (PUR 1916 D 947), we are unable to discover that it has received consideration at the hands of either the commissions or the courts. The utility has strongly urged the acceptance of this theory, contending it is superior to the "Reproduction Cost Method" which, we believe, all will admit has not proven entirely satisfactory in its application when considered as a determining factor of value.

The company maintains an elaborate system of cost accounting which is of particular value in investigations of this nature, and by reason of which it is enabled to present this "Actual Performance" estimate. Briefly stated this estimate was made up by an analysis of the entire cost of doing work, including supervision, general and other so-called overhead expenses, as shown by the company's cost records over a period of years, from which analysis unit costs were derived. These unit costs were then applied to the various items of property as shown by an inventory of the system. In the case of land, studies were made to determine the cost of acquisition over and above the price paid the seller, and this cost was added to the value of each parcel as determined by appraisals made by real estate dealers and land appraisers.

The result, the company contends, is not "Original Cost," neither is it "Book Value," nor "Reproduction Cost," but is rather an "Appraisalment on the Basis of Actual Performance" and presents "an array of facts as distinguished from an array of opinion, expert or otherwise, that ought to be the recourse for constructive and efficient regulation."

The theory commends itself to us very strongly. It embodies many features which are lacking in the reproduction theory, and, in a measure, meets many of the meritorious objections to original cost figures. Taken in connection with original cost statements and reproduction estimates, it supplies information which is of inestimable value in arriving at a correct solution of a problem which, at best, is surrounded with uncertainties and fraught with technical considerations. We do not wish to be understood, however, as accepting this theory as a substitute for the reproduction method. Neither do we think it should supplant original cost figures. It conflicts with neither, and we are inclined to view this new presentation rather in the light of a valuable addition to those theories which have been accepted as bases for the determination of values.

#### *Reproduction Cost Less Depreciation:*

The Pacific Company introduced no evidence to indicate the amount of depreciation which had accrued upon the property on June 30, 1914. With the reproduction cost estimate of the Commission's engineering department, was introduced an estimate designated as "Rate Base Estimate." This was made with the reproduction cost estimate as a basis after a determination of the condition of the property developed by field inspection, and consideration of its age, anticipated life, and possible supersession due to the advancement of the art; and after the exclusion of certain portions of the property considered as not used or useful in the service of the public.

This estimate compared with the reproduction cost by exchanges, follows:

THE PACIFIC TELEPHONE & TELEGRAPH COMPANY  
COMPARATIVE STATEMENT—COMMISSION ENGINEERING  
DEPARTMENT ESTIMATES

	Reproduction Cost	Rate Base
Adams .....	\$ 497.00	\$ 358.00
Albany .....	88,543.00	77,917.00
Arlington .....	2,278.00	1,738.00
Ashland .....	89,290.00	78,575.00
Astoria .....	120,890.00	106,384.00
Athens .....	4,763.00	3,627.00
Austin .....	585.00	436.00
Baker .....	145,289.00	128,584.00
Bay City .....	15,505.00	13,192.00
Bridal Veil .....	173.00	137.00
Burlington .....	356.00	256.00
Canyon City .....	3,945.00	3,109.00
Carlton .....	5,774.00	4,795.00
Cascade Locks .....	122.00	96.00
Clifton .....	160.00	121.00
Coburg .....	2,175.00	1,697.00
Corvallis .....	40,067.00	34,458.00
Cottage Grove .....	34,722.00	29,985.00
Drain .....	1,431.00	1,096.00
Durkee .....	185.00	137.00
Eugene .....	188,207.00	167,694.00
Flanagan .....	52.00	39.00
Goble .....	223.00	174.00
Grants Pass .....	73,340.00	64,539.00
Grass Valley .....	2,013.00	1,550.00
Gwendolyn .....	45.00	38.00
Harrisburg .....	5,025.00	4,196.00
Heppner .....	4,703.00	4,063.00
Huntington .....	2,942.00	2,236.00
Ione .....	549.00	433.00
Irrigon .....	53.00	40.00
Jefferson .....	3,943.00	3,150.00
Junction City .....	8,052.00	6,715.00
Klamath Falls .....	49,244.00	43,975.00
Knappa .....	123.00	94.00
Lexington .....	251.00	207.00
Marcola .....	135.00	103.00
Milton .....	19,432.00	16,596.00
Milwaukie .....	29,439.00	25,376.00
Moro .....	2,135.00	1,699.00
North Plains .....	6,155.00	5,201.00
Oak Grove .....	18,979.00	16,758.00
Oakland .....	5,894.00	4,974.00
Olex .....	79.00	59.00
Oregon City .....	84,047.00	74,129.00
Pendleton .....	64,370.00	55,869.00
Peoria .....	571.00	446.00
Philomath .....	6,354.00	5,267.00
Portland .....	6,462,257.00	6,035,461.00
Rickreall .....	1,153.00	905.00
Roseburg .....	73,246.00	63,578.00
Salem .....	286,737.00	257,776.00
Shaniko .....	1,695.00	1,226.00
Shedd .....	1,374.00	1,088.00
Springfield .....	20,603.00	17,574.00
Stayton .....	231.00	183.00
Sumpter .....	3,951.00	3,141.00
The Dalles .....	87,701.00	77,265.00
Tillamook .....	38,311.00	33,097.00
Troutdale .....	507.00	403.00
Waldo .....	116.00	94.00
Warrendale .....	319.00	244.00
Warrenton .....	2,180.00	1,794.00
Wasco .....	3,074.00	2,502.00
Weston .....	5,135.00	4,231.00
Whitney .....	2,812.00	2,236.00
Connecting company points .....	31,534.00	26,835.00
Toll .....	2,780,852.00	2,513,513.00
Totals .....	\$10,936,803.00	\$10,035,464.00

**A. T. & T. 4½ Per Cent Payments:**

The respondent has listed in its inventory certain equipment, consisting of transmitters, receivers and induction coils. These instruments are the property of the American Telephone and Telegraph Company, and are furnished and kept in repair by that company under the terms of an agreement with the respondent. For the use of this equipment, and the services in connection therewith, as well as various other services pertaining to the designing, installation, operation and management generally of its telephone system under this agreement, the respondent pays the American Telephone and Telegraph Company 4½ per cent of the gross revenue derived from the operation of its exchange, toll and private line telephone business.

Neither of the engineers' estimates heretofore set forth contain an allowance for this equipment.

There are two ways in which this situation can be handled: (1) This payment may be considered an operating expense, and the equipment ignored in fixing the rate making value of the property; or, (2) this equipment may be included in the rate making value of the property, and so much of the 4½ per cent payment as is due to the ownership of the equipment being in the American Telephone and Telegraph Company, excluded from the operating expenses.

The latter procedure seems to be the most logical and equitable. (See Findings of Value re Portland Railway, Light & Power Co.) In treating this equipment as a part of the respondent's plant, and including it in the rate making value, a reasonable and positive adjustment between the rate payer and the utility is immediately reached. This procedure precludes the possibility of the inclusion in the operating expenses, which must be borne by the patron, of any excessive rentals which a company may contract to pay, and, on the other hand, permits the utility, if it has driven a good bargain in leasing the equipment, to profit by its prudence. The apparent inconsistency of basing the rental paid upon gross revenues is also eliminated.

This property is devoted to the public use and is reasonably used and useful in the public service. No injustice is done by including its reasonable value in the figures which ultimately will be used as the basis upon which to build a rate structure for this company. It will be so handled.

**Additions and Betterments:**

Since June 30, 1914, the date of the appraisals heretofore discussed additions and betterments have been added to the property involved which will materially affect its value. These additions have been recorded, as prescribed by this Commission, in conformity with the accounts of the Interstate Commerce Commission, and until January 1, 1917, were in amount as follows:

**THE PACIFIC TELEPHONE & TELEGRAPH COMPANY  
ADDITIONS AND BETTERMENTS, JUNE 30, 1914,  
TO JANUARY 1, 1917**

Exchange right of way .....	\$ 662.38
Land .....	1,218.79
Buildings .....	26,510.61
Central office equipment .....	179,658.37
Station equipment .....	127,537.80
Exchange pole lines .....	73,501.73
Exchange aerial cable .....	54,889.17
Exchange aerial wire .....	92,549.13
Exchange underground conduits .....	25,775.58
Exchange underground cable .....	78,115.48
Exchange submarine cable .....	3,265.13
Toll right of way .....	2,756.57
Toll pole lines .....	125,248.80
Toll aerial cable .....	614.05
Toll aerial wire .....	104,314.26
Toll underground conduit .....	210.71
Toll underground cable .....	8,700.01
Toll submarine cable .....	2,019.15
General equipment .....	17,908.52
Interest during construction .....	29,514.10
Construction work in progress .....	156,797.35
Cash .....	10,099.43
Employees' working funds .....	1,022.32
Due from subscribers and agents .....	12,784.80
Material and supplies .....	39,381.25
Franchises .....	200.00
Unappraised property purchased .....	49,100.00
<b>Total .....</b>	<b>\$755,228.69</b>

**NOTE.**—Italic figures indicate red entries.



***Development Cost:***

An exhibit, labeled "Cost of Establishing the Business of The Pacific Telephone and Telegraph Company in the State of Oregon" together with supporting detail was introduced by the respondent. The figure shown, \$3,028,058.70, is the result of the application of the "Accumulated Deficit" theory, covering the operations of the company from 1907 to 1914 and using an eight per cent net return on the investment.

The utility frankly states that it makes no claim that this amount should be added to the value of its property, or even that it should be reimbursed therefor but that the submission is material as a matter of information as to the past operations of the company and that taken in connection with various other facts disclosed by the record, it forms a basis for a finding as to this element of value. This view coincides very closely with that entertained by the Commission. We have repeatedly held that as a measure of development cost calculations of accumulated deficits, standing alone, are by no means conclusive.

All such evidence has been given due consideration, and an allowance which the Commission deems to be reasonable has been made over and above the structural cost for the cost of attaching the business now associated with this plant. This allowance will be found to be reflected throughout the values for rate making purposes hereinafter set forth.

***Net Earning Power of the System:***

The subjoined comparative general balance sheet, and income statements for the system as a whole, and for the Oregon properties appear from the record to show, year by year, the financial affairs of this respondent for the period covered:

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY  
COMPARATIVE GENERAL BALANCE SHEET—ASSET SIDE

	June 30, 1914	June 30, 1915	June 30, 1916	December 31, 1916
<b>Investments—</b>				
Fixed capital installed prior to January 1, 1913.....	\$ 82,512,588.82	\$ 76,306,602.17	\$ 75,734,360.06	\$ 95,892,751.25
Fixed capital installed since January 1, 1913.....	9,741,601.30	16,117,320.50	13,591,397.57	287,094.99
Total investment in fixed capital.....	92,254,090.12	92,423,922.67	89,325,757.63	6,556,921.78
Construction work in progress.....	1,408,598.16	217,680.05	160,504.37	2,078,481.30
Investment securities.....	761,806.38	3,785,166.47	5,957,662.41	333,864.26
Advances to system corporations.....	2,731,260.74	2,968,624.80	2,021,016.24	
Miscellaneous investments.....		333,864.26	333,864.26	
Total Investments.....	\$ 97,215,754.40	\$ 99,729,258.25	\$ 103,798,734.91	\$ 104,953,213.58
<b>Working Assets and Accrued Income:</b>				
Cash and deposits.....	\$ 885,165.53	\$ 886,074.29	\$ 738,260.51	\$ 635,672.32
Employees' working funds.....	139,618.45	80,951.27	114,166.59	98,994.07
Bills receivable.....	64,968.53	66,024.13	71,742.15	70,866.95
Due from subscribers and agents.....	1,158,824.40	1,152,613.19	1,243,553.44	1,284,373.09
Accounts receivable from system corporations.....	2,239,291.41	2,435,739.80	433,840.92	464,529.17
Accounts receivable, miscellaneous.....	531,330.06	201,128.48	124,883.32	73,127.03
Matured interest and dividends receivable.....	2,530.99	8,007.90	126,377.98	190,168.64
Material and supplies.....	1,416,516.40	1,099,403.79	524,102.30	742,191.08
Unmatured interest, dividends and rents receivable.....	19,673.71	72,590.80	103,628.89	105,038.27
Total working assets and accrued income.....	\$ 6,537,923.48	\$ 6,002,533.63	\$ 3,480,854.80	\$ 3,664,480.62
<b>Deferred Debit Items:</b>				
Sinking fund assets.....	\$ 4,400.25	\$ 208.13	\$ 411.19	\$ 225,115.39
Prepayments.....	161,377.45	219,037.20	215,896.61	149,163.13
Unamortized debt discount and expense.....	2,233,904.71	2,108,989.23	1,995,663.46	1,945,276.42
Other suspense.....	35,039.86	29,889.79	8,807.31	27,030.98
Total deferred debit items.....	\$ 2,414,722.27	\$ 2,358,124.35	\$ 2,220,778.57	\$ 2,346,584.92
Grand total—Asset accounts.....	\$ 106,168,400.15	\$ 108,089,316.23	\$ 109,500,368.28	\$ 110,964,279.12

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY  
COMPARATIVE GENERAL BALANCE SHEET—LIABILITY SIDE

	June 30, 1914	June 30, 1915	June 30, 1916	December 31, 1916
<i>Stocks—</i>				
Capital stock .....	\$ 50,000,000.00	\$ 50,000,000.00	\$ 50,000,000.00	\$ 50,000,000.00
<i>Long term debt—</i>				
Funded debt .....	\$ 41,397,000.00	\$ 41,136,000.00	\$ 40,845,000.00	\$ 40,802,000.00
Advances from system corporations .....	2,300,000.00	3,600,000.00	3,900,000.00	3,900,000.00
Total long term debt .....	\$ 43,697,000.00	\$ 44,736,000.00	\$ 44,745,000.00	\$ 44,702,000.00
<i>Working liabilities and accrued liabilities—</i>				
Audited vouchers and wages unpaid .....	\$ 457,228.46	\$ 406,739.76	\$ 400,607.57	\$ 916,220.34
Subscribers' deposits .....	160,543.14	116,103.19	134,224.74	221,359.06
Accounts payable to system corporations .....	307,041.72	164,180.34	203,555.17	369,058.52
Miscellaneous accounts payable .....	47,385.72	65,566.32	75,712.33	62,361.33
Service billed in advance .....	75,461.07	65,872.27	73,294.36	6,003.61
Taxes accrued .....	71,936.66	100,866.39	223,722.14	337,847.61
Other accrued liabilities not due .....	496,166.38	512,087.87	507,037.50	499,972.94
Total working liabilities and accrued liabilities .....	\$ 1,612,743.15	\$ 1,471,407.44	\$ 1,608,454.73	\$ 2,472,823.31
<i>Deferred credit items—</i>				
Reserve for accrued depreciation, Cr. ....	\$ 9,898,779.93	\$ 10,629,964.74	\$ 11,640,081.67	\$ 12,615,173.50
Insurance and casualty reserves .....	50,000.00	50,000.00	50,000.00	50,000.00
Other deferred credit items .....	5,112.24	2,611.99	14,943.80	6,907.28
Liability on account of provident funds .....	500,001.40	502,481.49	502,024.83	500,000.00
Total deferred credit items .....	\$ 10,253,893.57	\$ 11,185,058.22	\$ 12,207,050.30	\$ 13,178,080.78
<i>Unappropriated surplus—</i>				
Corporate surplus unappropriated (Cr. bal.) .....	\$ 604,783.43	\$ 697,450.57	\$ 939,863.25	\$ 617,375.03
Grand total—liability accounts .....	\$106,168,400.15	\$108,089,916.22	\$109,500,368.28	\$110,964,279.12

## PUBLIC SERVICE COMMISSION OF OREGON

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	Year ending June 30, 1915	Year ending June 30, 1916	Year ending December 31, 1916
Telephone operating revenues	\$18,699,914.30	\$19,477,308.84	\$20,248,565.46
Telephone operating expenses	13,187,946.79	13,866,062.51	14,591,146.97
Net telephone operating revenue	\$ 5,511,967.51	\$ 5,627,246.33	\$ 5,657,418.49
Uncollectible operating revenues	198,684.73	227,250.22	191,602.30
Taxes assignable to operations	899,376.57	956,077.96	991,428.37
Operating income	\$ 4,413,226.21	\$ 4,443,918.15	\$ 4,477,387.82
Rent revenues from lease of telephone plant	11,250.00	15,000.00	15,000.00
Miscellaneous rent revenues	15,322.50	18,588.42	21,794.88
Dividend revenues	2,332.00	56,553.74	79,261.00
Interest revenues	288,962.76	315,673.78	351,860.62
Miscellaneous nonoperating revenues	18.87		
Total nonoperating revenues	\$ 317,226.13	\$ 405,815.94	\$ 467,846.50
Uncollectible nonoperating revenues	12,704.48	713.33	3,255.94
Nonoperating income	\$ 305,221.65	\$ 405,102.61	\$ 464,590.56
Gross income	\$ 4,719,147.86	\$ 4,849,020.76	\$ 4,938,978.38
Rent deductions for lease of telephone plant	60,000.00	60,000.00	60,000.00
Rent deductions for telephone offices	172,856.92	168,646.02	171,893.47
Rent deductions for conduits, poles, etc.	55,264.97	53,913.96	55,332.98
Rent deductions for instruments and equipment	1,775.68		3,521.19
Miscellaneous rent deductions	1,425.04	3,421.12	3,532.09
Interest deductions for funded debt	2,101,269.76	2,044,563.55	2,043,799.26
Other interest deductions	190,808.38	225,080.30	231,606.00
Amortization of debt discount and expense	99,327.04	97,861.08	97,434.48
Miscellaneous deductions from income	8,243.28	8,244.00	8,434.25
Total deductions from gross income	\$ 2,690,067.06	\$ 2,661,736.33	\$ 2,675,050.72
Net income	\$ 2,029,080.80	\$ 2,187,284.43	\$ 2,265,927.66
Dividend appropriations	1,920,000.00	1,920,000.00	1,920,000.00
Amount transferred to corporate surplus	\$ 1,109,080.80	\$ 267,284.43	\$ 346,927.66

## THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY COMPARATIVE INCOME STATEMENT—OREGON ONLY.

	Year ending June 30, 1915	Year ending June 30, 1916	Year ending Dec. 31, 1916
Exchange service revenues.....	\$ 1,654,793.83	\$ 1,698,464.73	\$ 1,766,706.40
Toll service revenues.....			
Message tolls, interstate*	114,398.04	118,932.71	129,731.19
Message tolls, intrastate.....	341,329.63	346,474.51	393,111.17
Leased toll lines, interstate*	723.88	89.51	263.50
Leased toll lines, intrastate.....	723.88	644.76	595.59
Telegraph tolls, interstate*	29.29	47.51	44.18
Telegraph tolls, intrastate.....	367.44	407.76	404.19
Telegraph service on toll lines, interstate*	44,619.80	42,383.20	25,931.21
Telegraph service on toll lines, intrastate.....	5,012.61	682.56	536.50
Minor rents of toll plants, intrastate.....	1,632.58	1,625.18	1,668.89
Total toll line revenues.....	\$ 508,525.81	\$ 511,187.69	\$ 551,872.42
Licensee revenue—debit.....	93,873.69	94,974.69	99,673.63
Other miscellaneous operating revenues.....	\$ 46,236.07	\$ 47,620.68	\$ 47,965.36
Grand total operating revenues.....	\$ 2,115,669.02	\$ 2,162,298.41	\$ 2,266,870.55
Depreciation of plant and equipment.....	371,919.20	450,322.94	585,105.81
Other maintenance expenses.....	343,504.91	336,015.39	371,264.07
Traffic expenses.....	500,518.64	518,111.62	543,563.42
Commercial expenses.....	247,397.48	256,931.68	270,525.56
General and miscellaneous expenses.....	121,467.39	113,569.91	87,563.71
Grand total operating expenses.....	\$ 1,584,807.62	\$ 1,674,011.54	\$ 1,958,409.57
Net operating revenue.....	\$ 530,861.40	\$ 488,286.87	\$ 408,460.98
Uncollectible operating revenues.....	25,103.20	18,727.75	16,537.60
Taxes assignable to operations.....	123,235.95	94,565.98	100,532.22
Operating income.....	\$ 382,522.25	\$ 374,993.14	\$ 291,331.16
Rent deductions for telephone offices and plant.....	26,288.86	27,862.40	28,471.93
Rent revenues, miscellaneous.....	3,198.42	2,711.25	2,312.14

\* Estimated on mileage basis.

Note.—Black figures denote red entries.

*Value of the Property:*

The indiscriminate manner in which courts, commissions and economists have applied the term "value" to various concepts of the principle involved has resulted in widespread confusion. So many unrelated elements arise, varying with the purpose for which a determination of value is sought, that a definition becomes a paramount necessity in rate cases, if misunderstanding is to be eliminated and regulation permitted to accomplish the equitable results for which it is designed.

Section 9 of Chapter 279 of the General Laws of Oregon for the year 1911, provides, in part, as follows:

"The commission shall value all the property of every public utility actually used and useful for the convenience of the public."

The Public Utility Act, from which the above section is quoted, gives the Commission general powers of regulation over the rates, service and practices of all public utilities within the state. It does not, however, clothe the Commission with jurisdiction over the issuance of stocks and bonds, or in questions of taxation, or in proceedings looking to the fixing of values for purposes of sale or exchange. It follows that our sole interest in values arises from our responsibility in the matter of rate and service regulation.

Upon these questions, taxation, exchange, and other like values, have only a collateral rather than a direct bearing. Taxation values enter into rate making only as a basis upon which certain expenses in the operation of a public service company, which must ultimately be met by the rate payer, are calculated.

Exchange, sale or market value, as the term is most generally conceived, has little, if any, bearing upon the question of value as encountered in rate regulation cases. The stock and security holders are materially interested in the market value of their property, but there is no appreciable connection therein with reasonable rates for service from the property to the public. So also with value as related to issuance of securities, reorganization, etc.

These factors are not for primary consideration, although possibly affected by its determination.—In the idea which we have before us—the value of property for use in fixing reasonable rates.

This value, the Commission conceives to be an expression in dollars of the foundation upon which the utility's claim for a return must rest, and, upon the other hand, to represent the amount upon which, provided it requires the imposition of no rates in and of themselves unreasonable or unjust, the rate payer should pay a reasonable return. In its determination, consideration must be given to elements which are peculiar to this particular concept. Every item which enters into this value must stand the test of reasonableness, not alone as to its usefulness and its intrinsic worth, but as to its necessity and adaptability to the use to which it is put. Thus, for the purposes of rate making, if a valuable business lot in the heart of a thriving community is being used for storage purposes, it may stand the test as being "actually used and useful for the convenience of the public" but obviously the rate payer should not be asked to pay a return on the value of such property, as determined by the application of the formula which will fix the value for sale, exchange, taxation or other like purposes, when less valuable property, measured by those standards, will serve equally as well, and may even be owned by the utility but lying idle.

It follows that this value is clearly distinguished from the various others to which the term has been applied. It is a particular value for a particular purpose, based upon a special consideration of elements which are found relevant when viewed in the light of such particular purpose. It is the aggregate of many factors, each to be determined by an analysis of the responsibilities of the rate payers on the one hand, and of the owners on the other hand, involved in the maintenance and operation of a property devoted to a public service; it is a base upon which to build a rate structure.

From a full consideration of the record before us, and giving due weight to all the elements of value here discussed, the Commission, now being fully advised, finds and determines that the value for rate making purposes, as above defined, of the utility property of The Pacific Telephone and Telegraph Company, in the State of Oregon, actually used and useful for the convenience of the public, and including a due allowance for working capital, stores and supplies, was on December 31, 1916, the sum of \$12,429,507.00, made up as follows:

**THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY**  
**RATE MAKING VALUE—PROPERTY IN OREGON**  
 December 31, 1916

Adams .....	\$ 472.00
Albany .....	95,200.00
Arlington .....	2,412.00
Ashland .....	93,243.00
Astoria .....	135,123.00
Athens .....	4,433.00
Austin .....	691.00

Baker .....	\$ 151,835.00
Bay City .....	15,220.00
Bend .....	11,136.00
Bridal Veil .....	165.00
Burlington .....	283.00
Canyon City .....	4,710.00
Carlton .....	5,154.00
Cascade Locks .....	181.00
Clifton .....	228.00
Coburg .....	1,975.00
Corvallis .....	41,855.00
Cottage Grove .....	35,495.00
Drain .....	1,529.00
Durkee .....	308.00
Echo .....	11,627.00
Eugene .....	209,548.00
Flanagan .....	46.00
Florence .....	16,506.00
Goble .....	200.00
Grants Pass .....	77,626.00
Grass Valley .....	1,983.00
Gwendolin .....	44.00
Harrisburg .....	6,064.00
Heppner .....	7,085.00
Hermiston .....	12,461.00
Huntington .....	2,738.00
Ione .....	720.00
Irrigon .....	45.00
Jefferson .....	4,328.00
Junction City .....	8,774.00
Klamath Falls .....	65,565.00
Knappa .....	205.00
Lexington .....	316.00
Madras .....	1,297.00
Marcola .....	131.00
Milton .....	20,273.00
Milwaukie .....	31,768.00
Moro .....	2,649.00
Newport .....	9,953.00
North Plains .....	6,368.00
Oak Grove .....	22,920.00
Oakland .....	5,916.00
Olex .....	69.00
Oregon City .....	96,069.00
Pendleton .....	82,181.00
Peoria .....	591.00
Philomath .....	6,533.00
Portland .....	7,396,910.00
Prineville .....	8,887.00
Rainier .....	8,054.00
Rickreall .....	1,061.00
Roseburg .....	75,249.00
Salem .....	306,819.00
Seaside .....	2,696.00
Shaniko .....	1,575.00
Shedd .....	1,434.00
Siletz .....	163.00
Springfield .....	21,080.00
Stanfield .....	3,577.00
St. Helens .....	14,712.00
Stayton .....	218.00
Sumpter .....	3,844.00
The Dalles .....	88,615.00
Tillamook .....	39,942.00
Toledo .....	3,306.00
Troutdale .....	417.00
Waldo .....	109.00
Warrendale .....	246.00
Warrenton .....	3,160.00
Wasco .....	3,989.00
Weston .....	4,812.00
Whitney .....	2,694.00
Connecting company points .....	28,442.00
Unassigned .....	7,169.00
Toll .....	3,086,025.00
Total .....	\$12,429,507.00

In the Matter of the Application of THE TUALATIN VALLEY ELECTRIC COMPANY to Increase Rates. } No. U-F-178

(ORDER ENTERED OCTOBER 4, 1917—P. S. C. ORDER NO. 273)

On August 2d the matters involved herein were presented to the Commission sitting in formal hearing at Sherwood.

*Appearances:*

For Appellant, D. H. Moser, H. R. Hart Jr., Nellie W. Hart.

For Sherwood, Tualatin, et al, D. D. Hall.

For Yamhill Electric Company, R. J. Moore, Clarence Butt.

This proceeding was brought about by the application of the Tualatin Valley Electric Company for an increase of its existing rates for electric service in the towns of Tualatin, Sherwood and Tigard and surrounding rural communities.

In the original application an advance in rates was requested on the following grounds:

(a) That said rates are inadequate to produce a fair return upon a fair valuation of the utility's system.

(b) That said rates are lower than the rates for electricity duly established in towns and cities of larger population in contiguous territory.

(c) That the rates sought to be established in lieu of said rates are not unreasonable, unjust, nor unjustly discriminatory, nor greater than is necessary to produce a fair return upon a fair valuation of the utility's property.

The question at issue in the original application necessarily involved a valuation of the property of the applicant used and useful in public service and an investigation under the provisions of Sections 9 and 10 of Chapter 279 of the General Laws of Oregon for the year 1911 was carried on simultaneously with and as a part of the hearing on the application.

The matter now being fully submitted and argued, the Commission, having full knowledge of the conditions surrounding the operation of the Tualatin Valley Electric Company, is prepared to make its findings and order.

The Tualatin Valley Electric Company is a corporation organized in 1911 and existing by virtue of the laws of the State of Oregon. It owns, controls and operates equipment by means of which electric service is extended to the towns of Sherwood, Tualatin and Tigard, and to various small unincorporated rural communities and districts adjacent to its lines. The company also owns and operates a water system supplying water for domestic and other uses within the town of Sherwood.

The authorized capital stock of the company is of the par value of \$30,000.00, of which on December 31, 1916, the entire amount was outstanding. The above stock is not currently on the market, and no quotation as to the value thereof is available.

Applicant's funded debt consists of an issue of \$20,000.00 in first mortgage bonds bearing eight per cent interest, dated July 1, 1911, and maturing ten years thereafter. Of this issue, \$15,000.00 had been sold and was outstanding on December 31, 1916. The bonds are secured by both electric and water plant property.

Other indebtedness of the company includes notes as follows:

A six-per-cent demand note for \$4,500.00 held by Mrs. Nellie W. Hart;

A six-per-cent note for \$1,203.80 due August 21, 1919, held by the Bank of Sherwood;

The balance still outstanding on these obligations is \$5,000.00.

The record is not clear as to the early development of the utility. The \$30,000.00 in stock was issued principally to a former owner of the property in full payment for the transfer of the various equipment and contracts to the corporation. Only \$15,000.00 of the bond issue was ever authorized for sale, and there is no record as to the actual consideration derived from these securities, although the testimony of witnesses shows that, in a plan to extend the service over its present territory, the corporation sold the bonds to prospective customers at prices variously stated as ranging from \$80.00 to \$85.00.

The bondholders in 1914 by mutual agreement consented, on account of the uncertainty of interest payments, to forego the interest maturing July 1, 1914, and to reduce the interest rate to seven per cent during the remaining seven years of the life of the bonds. The interest maturing July 1, 1915, was paid but at



the date of the hearing no provision had been made for meeting the interest accruing after that time.

The entire issue of stock and the great majority of the bonds have now been acquired by Mrs. Nellie W. Hart. The cost of the acquisition by the present owner does not appear in the record.

The segregation of the above items into main accounts is as follows:

TUALATIN VALLEY ELECTRIC COMPANY—ELECTRIC PLANT

	Reproduction Cost, New	Accrued Depreci- ation	Reproduction Cost, Less Depreci- ation
Poles .....	\$ 4,391.00	\$ 1,975.00	\$ 2,416.00
Cross arms and fixtures.....	1,794.00	808.00	986.00
Guys .....	853.00	341.00	512.00
Circuits .....	6,214.00	1,422.00	4,792.00
Transformers .....	1,872.00	412.00	1,460.00
Service .....	752.00	203.00	549.00
Meters .....	762.00	160.00	602.00
Substation equipment .....	375.00	112.00	263.00
General equipment .....	370.00	154.00	216.00
Miscellaneous equipment .....	162.00	59.00	103.00
Undistributed construction expenditures.....	2,289.00	704.00	1,585.00
Total .....	\$19,834.00	\$ 6,350.00	\$13,484.00

In addition to the value of the physical items of plant, applicant also contends for an allowance covering intangible capital, and presented a calculation showing an amount of \$5,791.03 alleged to represent loss due to pioneering the field and in the attachment of the business to the physical structure.

This calculation is another example of the accumulated deficit theory which has so often been presented for the consideration of the Commission. (See Final Findings of Value re P. R., L. & P. Co., P. U. R. 1917; also P. S. C. O. Order No. 211 re City of Medford et al v. California-Oregon Power Co.) and produces results which may be considered only as indicating possible conditions which surrounded the development of the utility, and can not be held as conclusively representing the proper allowance for the cost of attaching business.

Aside from the objections surrounding the fundamental principles of this theory, a very apparent discrepancy has been introduced by the applicant in this particular instance. The analysis here presented covers a period of two and one-half years ended on December 31, 1916, but in the expenses calculated during that period was introduced the entire amount of depreciation accrued subsequent to the construction of the plant. By using the depreciation accruing during the period under analysis, the company's figures are greatly reduced.

The Commission in other cases has defined its allowance for this purpose as "that sum which represents the reasonable cost of attaching the normal business to a plant reasonably required to serve the territory covered," and an allowance based upon this definition will be included in the final findings now to be made as to the value for rate making purposes of the applicants' property.

An additional allowance will also be made for working capital, which in all such enterprises must be held available to properly prosecute the business.

After a full and thorough consideration of the foregoing facts, and of all the evidence and proof offered and received, the Commission determines that the fair value for rate making purposes of the electric property of the Tualatin Valley Electric Company reasonably used and useful in the public service, and considered as a going concern provided with sufficient working assets, was on December 31, 1916, \$15,771.00.

The law requires that a depreciation allowance shall be prescribed by the Commission in each rate case, and it is found after a consideration of normal and contingent operating conditions that such an annual allowance in the amount of \$900.00 is reasonably required to replace each item of property at the expiration of its useful life.

The financial affairs of the applicant during the two and one-half year period ended December 31, 1916, appears from record as shown in the subjoined comparative income statement and general balance sheet:

COMPARATIVE GENERAL BALANCE SHEET, TUALATIN VALLEY  
ELECTRIC COMPANY—ASSET SIDE.

	June 30, 1915	June 30, 1916	Dec. 31, 1916
<b>Electric:</b>			
Fixed capital installed prior to July 1, 1913	\$25,817.27	\$25,817.27	\$24,487.61
Fixed capital installed since June 30, 1913....	796.64	1,582.66	1,829.98
Construction work in progress:			
Cipole line .....		7.40	7.40
Sherwood line .....		2.40	2.40
Rex and Tigard lines.....			5.05
Total electric fixed capital.....	\$26,613.91	\$27,409.73	\$26,282.44
<b>Water:</b>			
Fixed capital installed prior to July 1, 1913..	\$ 2,990.42	\$ 2,990.42	\$ 4,303.34
Fixed capital installed since June 30, 1913..	85.14	225.65	2,018.71
Total water fixed capital.....	\$ 3,025.56	\$ 3,216.07	\$ 6,322.05
Total long term investments.....	\$29,639.47	\$30,625.80	\$32,604.49
Cash .....	48.81	341.53	38.60
Accounts receivable—electric.....	423.57	435.72	637.98
Accounts receivable—water.....	99.60	134.76	143.97
Accounts receivable—merchandise.....	7.25	29.57	73.79
Material and supplies.....	50.64	225.88	417.57
Prepayments .....		4.86	15.00
Rate case cost .....			25.00
Unamortized debt discount and expense.....	3,375.00	3,375.00	3,375.00
Corporate deficit .....	22,292.93	22,823.29	23,478.39
Total assets .....	\$55,937.27	\$57,996.41	\$60,809.79

COMPARATIVE GENERAL BALANCE SHEET, TUALATIN VALLEY  
ELECTRIC COMPANY—LIABILITY SIDE

	June 30, 1915	June 30, 1916	Dec. 31, 1916
Capital stock .....	\$30,000.00	\$30,000.00	\$30,000.00
Funded debt—bonds .....	15,000.00	15,000.00	15,000.00
Funded debt—notes .....	5,600.00	5,000.00	5,000.00
Consumers' deposits—meter .....	120.29	125.27	52.90
Consumers' deposits guaranteed.....			3.00
Mrs. Cecilia Heunig .....		24.51	12.51
W. L. Dente .....			30.20
Taxes accrued .....			222.85
Bills payable .....	50.00	311.19	391.19
Accounts payable .....	495.92	372.61	821.24
Franciscan Fathers .....	57.34	50.26	48.82
Mrs. N. W. Hart .....		138.55	788.55
H. R. Hart, Jr. ....			217.35
Interest accrued .....	45.00	1,216.20	1,867.40
Reserve for accrued depreciation, electric.....	3,985.52	4,938.52	5,245.02
Reserve for accrued depreciation, water.....	630.20	819.30	1,108.76
	\$55,937.27	\$57,996.41	\$60,809.79

**TUALATIN VALLEY ELECTRIC COMPANY COMPARATIVE INCOME STATEMENT**

	Year ended June 30, 1915	Year ended June 30, 1916	Six months ended Dec. 31, 1916
Operating revenues—electric .....	\$ 4,873.02	\$ 4,645.09	\$ 2,498.84
Operating revenues—water .....	846.98	860.48	553.27
Total operating revenues .....	\$ 5,720.00	\$ 5,505.57	\$ 3,052.11
Operating expenses—electric .....	\$ 3,663.77	\$ 3,831.50	\$ 1,980.97
Operating expenses—water .....	1,090.61	976.34	772.07
Total operating expenses .....	\$ 4,754.38	\$ 4,807.84	\$ 2,753.04
Net operating revenue .....	965.62	697.73	299.07
Taxes assignable to operation .....	281.90	263.37	130.86
Uncollectible operating revenue .....	16.17	27.90	.....
Operating income .....	\$ 667.55	\$ 406.46	\$ 168.21
Nonoperating revenue .....	.....	24.08	4.94
Gross income .....	\$ 667.55	\$ 430.54	\$ 173.15
Deductions from gross income, interest.....	1,289.06	1,365.70	675.00
Net loss .....	\$ 621.51	\$ 935.16	\$ 501.85
Miscellaneous additions to surplus.....	.....	400.00	.....
Miscellaneous deductions from surplus.....	.....	23.90	119.55
Deficit for period .....	\$ 621.51	\$ 964.06	\$ 621.40
Depreciation included in expenses above:			
Electric property .....	\$ 1,000.00	\$ 1,000.00	\$ 494.17
Water property .....	200.00	200.00	120.83

Note.—Black figures denote red entries.

The operating income which the record discloses to have been the result of operations of the electric utility appears in the following statement. The amounts shown include depreciation as carried by the utility in its accounts, and do not include any allowance as compensation for the services of a manager. Although this work has previously been done by the owner of the property without remuneration, the Commission believes that such an official is necessary in the conduct of the business, and should receive for his services a reasonable compensation for that portion of his time devoted thereto; and in the consideration of probable future expense, an allowance of \$60.00 per month will be added to the normal expenses as derived from the following statement:

**TUALATIN VALLEY ELECTRIC COMPANY OPERATING REVENUE AND EXPENSES—ELECTRIC**

	Year ended June 30, 1915	Year ended June 30, 1916	Six months ended Dec. 31, 1916
Revenue—sale of current .....	\$ 4,829.04	\$ 4,631.95	\$ 2,484.24
Revenue—merchandise .....	43.98	13.14	14.60
Operating expenses .....	\$ 4,873.02	\$ 4,645.09	\$ 2,498.84
Net operating revenue .....	3,663.77	3,831.50	1,980.97
Taxes .....	1,209.25	813.59	517.87
Uncollectible revenue .....	227.18	224.07	111.60
Operating income .....	\$ 967.90	\$ 583.62	\$ 406.27
Depreciation included in operating expenses above .....	1,000.00	1,000.00	494.17

Normal operating conditions under present rate schedules for the ensuing year will probably result in revenues and expenses as follows:

Revenues .....	\$4,900.00
Operating expenses .....	\$3,620.00
Depreciation .....	1,125.00
Uncollectible operating revenue .....	25.00
Operating income .....	\$ 130.00

The rates now in effect do not provide a sufficient revenue to meet reasonable operating expenses and taxes, including an allowance for depreciation as heretofore determined, and to provide a return commensurate with the usual rate of interest prevailing throughout the territory or with the rate of return which investors in such projects might be reasonably entitled to expect, nor do these rates bear equitably upon the customers in different classes of service.

It is the opinion of the Commission that no rate which it might fix at this time would produce a reasonable return in addition to the necessary expenses and taxes. Any rate designed for this purpose would tend to exceed the value of the service, and place an unwarranted burden upon the customer, and further hamper the development of the present and any prospective business which might be within reach of the company.

The Commission being fully advised and possessing full knowledge of the conditions surrounding the business of this utility now finds that the rates in effect for electric service insofar as they differ from those hereinafter set forth are unreasonable; and that in lieu thereof the following schedules provide just, reasonable and not unjustly discriminatory charges for such service throughout the territory served by the respondent.

These schedules are subject to five per cent discount for payment within ten days from the date of bill.

#### *Residence Lighting:*

First 10 kilowatt hours used per month.....	15c. per kwh.
Next 10 kilowatt hours used per month.....	10c. per kwh.
Excess .....	6c. per kwh.
Minimum charge, town service.....	\$1.00 per month
Minimum charge, out of town service.....	1.25 per month

Small heating and cooking devices not exceeding 800 watts individual capacity and small single-phase domestic service motors not exceeding three-fourths horsepower may be supplied on this rate without increasing the minimum charge.

#### *Combined Residence Lighting, Heating, Cooking and Domestic Power:*

First 10 kilowatt hours used per month.....	15c. per kwh.
Next 10 kilowatt hours used per month.....	10c. per kwh.
Next 50 kilowatt hours used per month.....	04c. per kwh.
Excess .....	3c. per kwh.

#### *Minimum Charge:*

First 2 kilowatts or less connected.....	\$2.50
Each additional kilowatt or major fraction thereof.....	.50

This rate applies to combined residence lighting, heating and cooking installations, including small power devices (at an equivalent of 900 watts per horsepower) used for domestic pumping, etc. All equipment must be served through one meter and one service application.

#### *Commercial Lighting:*

First 30 hours used per month of consumer's active load will be at the primary rate.

All additional use will be at secondary rate.

#### *Primary*

First 50 kilowatt hours.....	15c per kwh.
Next 100 kilowatt hours .....	10c per kwh.
Excess .....	7c per kwh.

#### *Secondary*

First 50 kilowatt hours.....	7c per kwh.
Excess .....	5c per kwh.

**Minimum charge**

First 500 watts or less of active load.....	\$1.00 per month
Each additional 100 watts or major fraction thereof .....	10c per month

**Active load**

The active load of each commercial lighting installation will be determined as follows:

One third the connected load of:

Churches.

Schools (except night schools).

Factories, warehouses and barns (except offices and general work rooms).

Basements, lofts, galleries and other rooms used only for storage.

One-half the connected load of:

Bedrooms and private suites in hotels, lodging houses, clubs and hospitals.

All other lights:

100 per cent of first 1 kilowatt connected.

75 per cent of all excess over 1 kilowatt connected.

Heating and cooking appliances up to 800 watts individual capacity and single phase motors not exceeding  $\frac{1}{4}$  hp. may be supplied through the lighting meter without being considered in the active load or minimum charge.

Heating and cooking appliances above 800 watts individual capacity and single phase motors in excess of  $\frac{1}{4}$  hp. and up to 3 hp. (at an equivalent of 900 watts per hp.) may be supplied through the lighting meter at lighting rates.

The individual capacity of such devices or motors in excess of 800 watts will be added to the connected load in determining the active load and the minimum charges under which service will be rendered.

No active load will be considered as less than 500 watts.

**Flat Rates—Lighting****Sign and outline lighting**

Signs burning from dusk to midnight:

First 40 watts or less ..... 75c per month

Each additional watt ..... 1 $\frac{1}{4}$ c per month

**Moving picture shows**

(Not running every night).

Operation not to exceed 5 hours ..... \$1.25 per day

**General rule**

In any case where the equipment connected to the lines of the company and the operation thereof is of such a nature as to permit the reasonably accurate estimation of the consumption, the company may bill the customer at flat rates based upon the equivalent meter charges without the necessity of installing a measuring device.

**Power—24 hour service**

First 50 kilowatt hours used per month per horsepower (output) demand or 60 kilowatt hours used per month per kilowatt (input) demand will be at the primary rate.

All additional use will be at the secondary rate.

**Primary**

First 100 kilowatt hours.....7c per kwh.

Next 100 kilowatt hours.....6c per kwh.

Next 300 kilowatt hours.....5c per kwh.

Excess .....4c per kwh.

**Secondary**

First 500 kilowatt hours.....4c per kwh.

Excess .....3c per kwh.

**Minimum charge**

Per horsepower of demand per month .....\$1.00

No minimum less than ..... 1.50

No minimum for polyphase service less than..... 5.00

**Demand**

The combined ratings of all motors will be taken and the following percentages thereof considered as the demand:

	One motor	2 to 5 motors	Over 5 motors
First 10 hp.....	100%	90%	85%
Next 10 hp.....	85%	75%	70%
Excess .....	75%	65%	60%
Average % shall not be less than .....	85%	75%	70%

Any motor having a rated capacity of less than 10 per cent of the total installation shall not be considered as increasing the number of motors as applied under this classification.

Two or more motors having an aggregate rated capacity of 10 per cent of the total installation shall be considered as one motor.

The demand of any installation in excess of 20 horsepower or any unusual use of energy, may be measured at the option of the consumer or the company. In no case, however, shall the company be required to measure the demand at the consumer's request within six months of any previous measurement.

In any case where the motor is not rated in horsepower, but in amperes, the normal rate running current shall be considered as the basis of the demand ratings.

**Power—off peak service**

This rate applies to power loads guaranteeing yearly revenue of \$350.00 or more, and which do not operate during the following hours:

- 4 p. m. to 10 p. m. each day during the months from October to March, inclusive.
- 6 p. m. to 10 p. m. each day during the months from April to September, inclusive.

The charges under this rate shall be the same as under schedule for 24 hour service, except that the primary rate shall apply only to the first 25 kilowatt hours used per month per horsepower (output) demand, or the first 30 kilowatt hours used per month per kilowatt (input) demand.

If, during any month, it is found that the consumer has violated the above conditions for operation, he shall be charged for service during that month at the regular power rate.

**Combined power and light—rural service**

This rate to apply to combined rural light, domestic and agricultural power load.

First 10 kilowatt hours used per month.....	15c per kwh.
Next 10 kilowatt hours used per month.....	10c per kwh.
Next 100 kilowatt hours used per month.....	7c per kwh.
Next 100 kilowatt hours used per month.....	5c per kwh.
Excess .....	4c per kwh.

**Minimum charge**

Light .....	\$1.25 per month
Power, per hp. connected .....	1.00 per month

No minimum charge for service supplied directly from an 11,000 volt line shall be less than \$2.50 per month.

The minimum charge for lighting service under this rate shall include small heating and cooking devices, with an individual capacity not exceeding 800 watts, and single phase domestic power devices up to and including an individual capacity of three-quarter horsepower.

It is unreasonable to expect the utility to make extensions for prospective customers without regard to the revenue to be derived from the business and the degree of permanency attached to the same. In each case of a new extension to serve a particular customer or customers, the company may require such guarantees or assistance in the investment as it may deem necessary to provide sufficient justification for making the expenditures. These agreements with the customers must be made according to suitable rules which the company shall file with the commission.

From a consideration of the foregoing findings in connection with all pertinent facts disclosed in this proceeding:

IT IS ORDERED, that the Tualatin Valley Electric Company discontinue the rates hereinbefore found unreasonable and substitute therefor the just, reasonable and not unjustly discriminatory rates, rules and regulations hereinbefore determined.

Such rates and charges so substituted shall apply as maximum rates and charges for the service specified. Nothing herein contained shall be construed as preventing the utility, after proper publication and filing of tariffs, as provided by law and the rules of this Commission, from reducing any rate or charge hereinbefore found to be just and reasonable, provided that such reduction will result in no unjust discrimination as between individuals, classes of service or communities.

IT IS FURTHER ORDERED, that this utility shall set up as part of its accounts a depreciation reserve and carry therein such allowances as are herein found to be reasonable and necessary, together with sufficient amounts to cover fixed capital installed after December 31, 1916, and that all moneys available for such purposes shall be set aside in a reserve fund and expended only as contemplated by law according to plans, the detail of which shall be submitted to this Commission.

This order shall become effective on November 1, 1917, prior to which time the utility shall publish and file in the manner provided by law and the rules of this Commission, a tariff or tariffs setting forth rates and regulations which shall not conflict with the provisions of this order, and from which all rules and regulations inconsistent therewith shall be omitted.

In the Matter of the Application of THE TUALATIN VALLEY ELECTRIC COMPANY for Increased Rates. { No. U-F-179

(ORDER ENTERED OCTOBER 5, 1917—P. S. C. ORDER NO. 274)

On July 26, 1917, the matters herein involved were presented to the Commission sitting in formal hearing at Sherwood.

*Appearances:*

For applicant: H. D. Moser, H. R. Hart Jr., Nellie W. Hart.  
For town of Sherwood: D. D. Hall.

This proceeding was brought about by the application of the Tualatin Valley Electric Company for an increase in its rates for water service furnished in the town of Sherwood.

The application presents as reasons for the proposed increase:

(a) That present rates are inadequate to pay necessary operating expenses and produce a fair return upon a fair valuation of the utility's system.

(b) That rates sought to be established are not unreasonable, unjust or unjustly discriminatory, nor greater than is necessary to produce a fair return upon a fair valuation of the company's water utility.

The Commission having had before it the application of the Tualatin Valley Electric Company for an increase in its electric rates, and having made findings in regard thereto which cover generally the development and financial affairs of the entire utility, will proceed to make only such additional findings as are peculiarly pertinent to the water department of that utility.

The applicant is the operator of a water system supplying service to the inhabitants of the town of Sherwood, which includes not only the property of the utility but in addition thereto a portion of the distribution system which is owned by the municipality and leased to the applicant.

From the record it appears that to reproduce in a normal, new and usable condition the physical items of the water system owned by the applicant and used and useful in the service of the public as of December 31, 1916, would have reasonably required the expenditure, under normal conditions, of approximately \$5,250.00. On account of age and use depreciation at that time had accrued in the amount of \$1,140.00 and the reproduction cost lessened by such depreciation was \$4,110.00.

A segregation of the above items into main accounts is as follows:

	Reproduction Cost New	Accrued Depreciation	Reproduction Cost New Less Depreciation
Land .....	\$ 425.00	\$ .....	\$ 425.00
Water supply structures .....	985.00	218.00	767.00
Water supply equipment .....	2,680.00	365.00	2,315.00
Distribution equipment .....	1,128.00	538.00	590.00
General equipment .....	32.00	19.00	13.00
	\$5,250.00	\$ 1,140.00	\$ 4,110.00

After a full and complete consideration of all the evidence of proofs offered and received, the Commission determines that the fair value for rate making purposes of the water plant of the applicant considered as a going concern with a normally developed business attached and provided with sufficient funds to successfully prosecute same, was on December 31, 1916, the sum of \$4,855.00.

Under the requirement of the statute that a depreciation allowance shall be prescribed in each rate case, it is found, after a consideration of normal and contingent operating conditions, that such an annual allowance in the amount of \$250.00 is reasonably required under existing conditions to replace each item of property at the expiration of its useful life.

The operating income which has been derived from the water utility of the applicant is shown in the following statement. The figures shown include depreciation as carried in the accounts of the utility, but do not include any allowance as compensation for the services of a manager for the property. Although this work has previously been done by the owners without remuneration, the Commission believes that a reasonable compensation should be allowed for that portion of time which such an official might reasonably be required to devote to the affairs of the water department, and such an allowance of \$20.00 per month will be included in the estimate of probable expenses which is hereafter set forth.

#### TUALATIN VALLEY ELECTRIC COMPANY OPERATING REVENUES AND EXPENSES—WATER

	Year Ended June 30, 1915	Year Ended June 30, 1916	Six months ended Dec. 31, 1916
Operating revenues .....	\$ 846.98	\$ 860.48	\$ 553.27
Operating expenses .....	1,090.61	976.34	772.07
Net operating deficit .....	\$ 243.63	\$ 115.86	\$ 218.80
Taxes .....	\$ 54.72	\$ 39.30	\$ 19.26
Uncollectible revenue .....	2.00	22.00	.....
Operating loss .....	\$ 300.35	\$ 177.16	\$ 238.06

Under normal operating conditions and present rate schedules the revenues and expenses for the ensuing year including an allowance for salary to manager should be approximately as follows:

Operating revenue .....	\$1,003.00
Operating expenses .....	1,100.00
Depreciation and taxes .....	295.00
Uncollectible revenue .....	5.00
Operating loss .....	\$ 397.00

The rates published in the applicant's tariff O. R. C. No. 1 and which are the rates now in effect for water service from the Tualatin Valley Electric Company are as follows:



*Private Dwellings:*

Not exceeding five rooms, bath, toilet and lavatory.....	\$1.00
Not exceeding 10 rooms, bath, toilet and lavatory.....	1.25
Over 10 rooms, including hotels, rooming houses, etc., with one bath, one toilet, one lavatory.....	1.50
Extra bath tub, toilet or lavatory for dwelling.....	.25
Sprinkling for six months season:	
Not exceeding 50x100 foot lot.....	3.00
Each additional front foot to same customer.....	½c

*Business Houses:*

Barber shops—1 bath tub and lavatory.....	\$1.50
Each extra bath tub.....	.50
Each extra lavatory.....	.25
Saloons, including toilet and urinal.....	1.50
Extra toilet or urinal.....	.50
Public schools, per scholar per month.....	.03
Charge in bulk, per 1,000 gallons.....	.40
Minimum charge for any service, per month.....	1.00

It is apparent from the foregoing findings that the existing rates have not returned a fair income to the owners of the property used in the public service. The revenues to be derived from operation under present conditions are not sufficient to meet reasonable operating expenses and taxes, including proper depreciation charges, and not even a small return can be guaranteed thereunder.

Further analysis develops that the rates are perniciously discriminatory in character, by their provisions allowing some consumers to enjoy service in more or less fully plumbed establishments for the same monthly charges as imposed upon other consumers with only one faucet or such other smaller installations.

Insofar as they apply to customers having installations of first faucets only, the existing rates compare reasonably with other rates existing under similar conditions throughout the state. For other combinations of plumbing installations the rates are unreasonably low, both in and of themselves and by comparison. Consumers with the larger installations of equipment do not now bear their just and reasonable portion of the burden of rates which must support the service. In consequence of which the company has been forced to endure a continuous operating loss.

After a consideration of all the facts and all the evidence disclosed throughout the investigation the Commission finds that the rates contained in the present schedules of the utility insofar as they differ from those hereinafter set forth are unreasonable and that just, reasonable and not unjustly discriminatory rates for the Tualatin Valley Electric Company to charge in lieu thereof for water service in the town of Sherwood are as follows:

SCHEDULE 1—FLAT RATE  
GROUP 1.

<i>Base Rates for First Faucet or Fixture:</i>	<i>Per Month</i>
Bakeries, daily capacity 1,000 loaves or less.....	\$1.00
Blacksmith shops—first fire.....	1.00
Each additional fire.....	.25
Butcher shops and fish markets.....	1.00
Banks.....	1.00
Drugs stores—without soda fountains.....	1.00
Machine shops.....	1.00
Offices—professional.....	1.00
If with other offices on same service connection.....	.75
Printing offices.....	1.00
Residences—single apartment or single flat.....	1.00
Each additional family in same building using same fixtures, one-half base rate and fixture charges of first family for fixtures used in common.	
Stores—unless otherwise listed.....	1.00
Stables—private, in connection with other service—one horse or one cow.....	.25
Each additional horse or cow.....	.15
In addition to the above base rates, the following charges will be made for private fixtures:	
Dentist's fountain.....	\$ .50
Baths—first.....	.25
Each additional.....	.15
Water closets—first.....	.50
Each additional.....	.25
*Faucets—each faucet in excess of first, for bowls, sinks, etc., not otherwise specified.....	.10

## GROUP 2.

<i>Base Rates for First Faucet or Fixture:</i>		<i>Per Month</i>
Barber shops—first chair.....		\$1.25
Each additional chair.....		.25
Billiard halls, bowling alleys and shooting galleries.....		1.25
Public and society halls.....		1.00
In addition to the above base rates, the following charges will be made for public fixtures:		
Baths—first.....		\$.75
Each additional.....		.50
Water closets—first.....		.75
Each additional.....		.50
Urinals—first (3 ft. length).....		.50
Each additional (3 ft. length).....		.25
*Faucets. Each faucet in excess of first, for bowls, sinks, etc., not otherwise specified.....		.25

## GROUP 3

<i>Sprinkling or Irrigation:</i>		<i>Per Month</i>
Store fronts and walks—first 25 ft. front or less.....		\$.50
Each additional 5 ft. or major fraction.....		.05
Lawns or gardens, per month:		
Each lot of 50 ft. frontage or less, per season.....		3.00
Each additional front foot, per season.....		.06
Payment for season (four months) in advance permits the use of water twelve months in advance.		
Bubbling fountains—intermittent.....		.50
Continuous.....		1.00
Private fire hydrants:		
¾-inch connection to mains.....		.50
1-inch connection to mains.....		.60
1½-inch connection to mains.....		.75
2-inch connection to mains.....		1.00
3-inch connection to mains.....		2.00
4-inch connection to mains.....		3.50
5-inch connection to mains.....		5.00

*Note*—All flat rates contemplate only normal necessary use. Customers in Schedule 1 may elect in writing or the utility may elect, to waive the rates applicable under Schedule 1, and thereupon the utility shall install a meter; and in that event, Schedule 2 will thereafter govern, instead of the flat rates applicable in Schedule 1. The utility will not be required to install more meters per month upon such customer's demands than three per cent of the total number of unmetered customers, who by these rules are entitled to demand meters, and shall fill demands in the order of application.

## SCHEDULE 2—METER RATES

*Apply to the following customers:*

Apartments, flats or offices, entire building or group under single customer's contract.	
Boarding houses.	Laundries.
Brick and tile works.	Livery stables.
*Building construction.	Motors, water.
Cider factories.	Packing plants.
Colleges.	Public buildings or works.
Creameries.	Railroad shops.
Dairies.	Restaurants.
Dye works.	Sawmills.
Elevators, hydraulic.	Schools.
Garages, public.	Soft drink factories.
Greenhouses.	Soft drink fountains.
Hospitals.	Steam boilers.
Hotels.	Vinegar factories.
Ice and cold storage plants.	Woolen mills.
All other customers now metered or who shall be metered under the provisions of Note in Schedule 1.	
* See exception to classification.	
Water delivered through meters of any size in one month:	

\*Under the above designation of faucets are not included draincocks, sillcocks, etc., which are used for lawn or garden sprinkling; hot water faucets at the same location as cold water faucets when the latter are counted; bowls used in connection with barbers' chairs, barn, irrigating, garage and other faucets, the principal function of which is to supply the water for services hereinafter in this schedule described, which are paid for by the customer at flat rates. Stationary washtubs in sets at the same location count as one additional faucet.

**Normal Rate:**

First 300 cubic feet, or less.....	Minimum charge
Next 700 cubic feet.....	15c. per 100 cubic feet
Next 4,000 cubic feet.....	10c. per 100 cubic feet
All over 5,000 cubic feet.....	7c. per 100 cubic feet

**Minimum Monthly Charges:**

According to the size of customer's service pipe and meter:

Size of service pipe.	Size of meter.	Minimum Charge
$\frac{1}{2}$ inch.....	$\frac{1}{2}$ inch.....	\$1.40
1 inch.....	$\frac{3}{4}$ inch.....	1.75
1 $\frac{1}{4}$ inch.....	1 inch.....	2.00
1 $\frac{1}{2}$ inch.....	1 $\frac{1}{2}$ inch.....	2.40
2 inch.....	2 inch.....	3.00
3 inch.....	3 inch.....	4.50
4 inch.....	4 inch.....	7.00

If pipe and meter sizes do not correspond as in the above table, the lower minimum applying to either the pipe or the meter will apply.

Where a meter is installed at the option of the utility, the minimum bill therefor shall not exceed the proper flat rate charge for service supplied through such meter.

**Exceptions to Classification:**

Rate for water used in the construction of public works, buildings, etc:

1 $\frac{1}{2}$  times Schedule 2.....No monthly minimum

On small construction jobs, or where meter setting is impracticable, estimated quantities of water will be used.

**Sprinkling Service:**

If, during any irrigation season, the use of water for sprinkling purposes increases to such an extent as to materially reduce the pressure on the system, thereby causing inadequate service for any purposes, the company may divide the irrigation customers into two such equitable divisions as it may determine and require that such division use water upon alternate days.

**ORDER**

From a consideration of the foregoing findings, which are by reference made a part hereof, in connection with the entire record and all pertinent facts disclosed by our investigation,

IT IS ORDERED that the Tualatin Valley Electric Company discontinue the rates hereinbefore found unreasonable and substitute therefor the just, reasonable and not unjustly discriminatory rates heretofore determined.

Such rates and charges so substituted shall apply as maximum rates and charges for the service specified. Nothing herein contained shall be construed as preventing the utility, after proper publication and filing of tariffs as provided by law and the rules of this Commission from reducing any rate or charge hereinbefore found to be just and reasonable; provided, however, that such reduction will result in no unjust discrimination as between individuals, classes of service or communities.

IT IS FURTHER ORDERED that this utility shall set up as a part of its accounts a depreciation reserve and carry therein such allowances as are herein found to be reasonable and necessary, and that all moneys available for such purposes shall be set aside in a reserve fund and expended only as contemplated by law according to plans, the detail of which shall be submitted to this Commission.

Application of PORTLAND RAILWAY, LIGHT AND POWER }  
COMPANY for Increase in Fares on Street Railway } No. U-F-199  
Lines in the City of Portland.

(ORDER ENTERED OCTOBER 5, 1917—P. S. C. ORDER NO. 275)

Application by Portland Railway, Light and Power Company, a corporation of the state of Oregon, seeking authority to increase the rates of fare imposed by it for the transportation of persons upon its system of street railways within the city of Portland, Oregon.

**Appearances:**

For Portland Railway, Light and Power Company:

R. A. Leiter, Attorney.

For City of Portland:

W. P. La Roche, City Attorney.

H. M. Tomlinson, Deputy City Attorney.

John M. Mann, City Commissioner.

For Amalgamated Association of Steam and Electric Railway Employees of America, Local Division 757:

W. S. U'Ren, Attorney.

R. Walker, President.

O. P. Sidler, member Executive Board.

A. H. Stein, member Executive Board.

R. T. Patton, member Executive Board.

J. E. Haines, member Executive Board.

Gust Anderson, member Executive Board.

For International Brotherhood of Electrical Workers, Local Union No. 125:

F. J. Shubert, President.

For State Federation of Labor:

O. R. Hartwig, President.

E. J. Stack, Secretary.

For Central Labor Council of Portland and vicinity:

W. S. U'Ren, Attorney.

E. J. Stack, Secretary.

For International Union of Steam Engineers, Local 87:

Wm. Mackenzie, Second International Vice President.

J. Leroy Smith, *pro se*.

Oak Nolan, *pro se*.

Portland Railway, Light and Power Company is the owner of and engaged in the management, operation and control of a plant and equipment by means of which it furnishes general electric light and power service over a considerable portion of the lower Willamette valley. It also owns and operates a system of narrow and standard gauge overhead-trolley street railways in the city of Portland, and extending via the interstate bridge across the Columbia river into the city of Vancouver, Washington. In addition, the company owns and operates a system of standard gauge interurban electric railways from Portland to Cazadero, from Golf Junction to Canemah, from Linneman Junction to Troutdale, and from Montavilla to Bull Run; and a gas utility in the city of Salem.

Applicant also operates under contract or agreement, or upon arrangement where the rent is contingent upon earnings, or other considerations, lines known as the Alameda, Arlington Heights, Beaumont, Eastmoreland, King's Heights and Westover Terrace lines.

The street railway system, including the Vancouver line, is the portion of the property with which this application deals, and while the entire utility is operated as a single unit, the remainder of the property need receive consideration only insofar as apportionments between the various classes of service become necessary in the proper determination of some pertinent facts.

### JURISDICTION

At the outset we are confronted with the question as to whether or not the Commission is clothed with authority to grant the relief sought, (1) because of the provisions of an act of the legislative assembly of 1901 (L. O. L. Sec. 2207) which provides that it shall be unlawful to charge in excess of five cents for one continuous trip in one general direction between any two points within the corporate limits of cities having a population of over 50,000 inhabitants; and (2) because of the fact that the fares are fixed by the franchises under which the company occupies the streets.

\* Preliminary Findings, P. U. R. 1916 D 977; Tenth Annual Report, P. S. C. Or. 67.  
Final Findings of Value, P. U. R. 1917 D 962; Eleventh Annual Report, P. S. C. Or. 191.

As to these points, no extended discussion need here be attempted. Under well established line of authority, we are convinced that the 1901 statute was repealed by implication by the Public Utility Act (Laws 1911, Chapter 279); and that the franchise provisions were made subject to the sovereign power of the State to regulate rates, and the State having chosen to exercise that power, and having constituted the Commission to administer that function, the franchise must yield to the Commission's determination. We see no legal reason why the Commission should not proceed to a determination of this case.

### VALUATION

In Case No. U. F.-47\* recently decided, the Commission ascertained and determined the value for rate making purposes of the operating properties of the utility to be, as at December 31, 1916, the sum of \$46,862,971.92. Of this amount \$18,233,371.55 was apportioned to the street railway system. In making the apportionment, so much of the land and production, transmission, transformation, storage and distribution equipment common to all classes of service, as was deemed proper, was assigned to the street railway system, and its value is included in the figure of \$18,233,371.55.

This procedure precludes the opportunity to create a false showing by book entries as to the operations of a particular branch of the service. That is to say, no opportunity is afforded for interdepartment charges, such as the sale of current by the light and power department to the railway department, which would result in a better showing for the one department at the expense of the other. It also greatly facilitates the apportionment of expenses between the various classes of service, and reduces to the minimum the possibility of one class of service being burdened with expenses due to the operations of a different class.

### SEPARATION OF DEPARTMENTS

The idea which appears to have been prevalent that if the operations of a utility as a whole have been profitable, the fact that a particular branch of the service was unremunerative, or indeed, was operated at a loss, was of no consequence, seems to have been dispelled by the Supreme Court of the United States in three cases decided March 8, 1915, viz: *Northern P. R. Co. v. North Dakota*, and *Minneapolis, St. P. & S. Ste. M. R. Co. v. North Dakota*, 236 U. S. 585; *L. & N. R. Co. v. U. S.*, 235 U. S. 277; 35 Sup. Ct. Rep. 429; Ann. Cas. 1916 A 1; and *Norfolk & W. R. Co. v. Conley*, 236 U. S. 605; 59 L. ed. 745; P. U. R. 1915 C. 293; 35 Sup. Ct. Rep. 437.

Applying the principles therein set forth to the case under discussion, the Commission apprehends any attempt to compel the unprofitable operation of the street railway system on the theory that the other departments of the utility are earning sufficient revenue to make the business as a whole profitable, would, resisted, fail. And, we believe rightly so. We see no justice in compelling the light or power consumer to assume the burden which arises from the street operations, and for which the car rider alone is responsible.

However, aside from the legal, and we might add, moral, phase of this question, the light and power department of the applicant is not in a position to carry the railway system, even if such action were permissible. In a recent case involving the light and power rates of this company the commission made a detailed analysis and study of the income of the electric department. Taking the year and a-half ending December 31, 1916, which may be taken as fairly indicative of the conditions which may be encountered in the near future, this analysis shows that the average annual return, figured upon property values fixed by this Commission, for the light and power utility, has been 4.8 per cent. Prior to that time the earnings were greater, but at no time since the passage of the Public Utility Act has the return exceeded 7.5 per cent for a single year, with an average for the entire period of 5.75 per cent.

### REVENUES AND EXPENSES

The appended statement for the street railway department shows the revenue and expenses, including charges for depreciation properly assignable to that department, taxes and bridge rentals, for the five years ended June 30, 1917:

## INCOME STATEMENT

	1913	1914	1915	1916	1917
Railway operating revenue.....	\$3,272,210.36	\$3,225,268.25	\$2,794,639.19	\$2,612,210.40	\$2,787,854.97
Railway operating expense.....	2,120,119.47	2,139,579.21	1,962,704.35	2,016,763.04	2,019,588.52
Net operating revenue.....	\$1,152,090.89	\$1,085,689.01	\$831,934.84	\$595,447.36	\$768,266.45
Miscellaneous income.....	72,378.48	78,954.76	78,443.22	80,032.11	11,980.92
Gross net income.....	\$1,224,469.32	\$1,164,643.77	\$910,378.06	\$675,479.47	\$780,247.37
Taxes.....	151,154.40	185,853.96	217,799.76	224,085.24	202,821.18
Bridge rentals.....	39,044.23	44,350.69	43,456.98	45,882.72	66,637.42
Net income.....	\$1,034,270.69	\$934,439.12	\$649,121.32	\$405,511.51	\$510,788.77

The values found by the Commission for the street railway property were as of December 31, 1916. Applying the net income for the year ended June 30, 1917, to this figure shows a rate of return for the year of 2.8 per cent. This rate of return represents the total amount available for the payment of both interest and profit on the value of the company's property. Similarly, the net income for each year since the adoption of public regulation indicates the following rates of return:

1912-13, 6.0 per cent; 1913-14, 5.3 per cent; 1914-15, 3.6 per cent; 1915-16, 2.3 per cent; 1916-17, 2.8 per cent.

### WATERED STOCK

In this connection, in view of the fact the question of "watered stock" has been raised in practically every rate case, and has been suggested here, the Commission is constrained to state a few elementary principles of public utility regulation which bear upon this feature. Rates, and rates of return are figured upon values fixed by the Commission after investigations conducted for that purpose, and are not based upon the stock and bond issues of the utility. Stocks and bonds enter into the question of regulation only insofar as they bear upon the question of the value of the property involved. The Supreme Court of the United States in the leading case of *Smythe v. Ames*, 169 U. S., at pages 546 and 547, said:

"We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction, must be the fair value of the property being used by it for the convenience of the public. And, in order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under the particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property."

We fail to see how stocks and bonds have a direct bearing upon value for rate making purposes, except as they may, in a measure, reflect light upon the original cost and the transactions of the company in financing its construction program. On the other hand, original cost, reproduction cost, accrued depreciation, and the general physical and financial history of the plant and its operation have a direct and positive bearing upon value, and it is these elements that have been regarded by this Commission as controlling in the valuation of utility projects. Such was the case in the valuation of this corporation's properties. Inventories of its holdings were prepared in great detail, and to these inventories were applied normal unit prices, which were derived from independent sources and upon which this company's stocks and bonds had not even the remote bearing. Upon these appraisals, together with the original cost, the accrued depreciation and the history of this plant and its operations, were based the conclusions of the Commission in arriving at the values above set forth, and it upon these values that the foregoing rates of return are figured.

### WAR CONDITIONS

For several years low prices and wages have prevailed, but as has been shown even under these conditions the profits of the company have not been excessive. Since the opening of the war, there has been a general increase in the prices of supplies and materials used in street car service. This increase has been particularly marked during the last few months. The utility has also found it necessary to grant increases in wages, which had amounted, on July 1, 1917, to about 25 per cent in the case of platform men, although somewhat less in other departments.

Recently the organized employees of this utility, comprising practically the entire operating and maintenance forces, through the accredited officers of the organization, presented to the company a demand for a further increase of wages and a betterment of working conditions. The company met this demand without the claim that its revenues were insufficient to permit compliance therewith, and placed before the employees a statement of its operating expenses and revenues with an invitation to verify its accuracy. Coupled with this action, the company promised the employees that their demand would be met if sufficient revenue

could be obtained for the purpose. To obtain the extra revenue to meet the demands of its employees was one of the reasons set forth in the application as justifying the utility in seeking an increase in its fares.

Conceding the fairness of the company's action, the employees petitioned the Commission to investigate and ascertain the accuracy of the utility's contention, and if it was determined to be well founded, to prescribe a remedy which would enable the company to meet the demands made upon it.

### WAGES AND HOURS OF LABOR

The present wage scale of the trainmen, who constitute a large portion of the employees who are seeking higher wages and improved working conditions, is as follows:

First six months' employment.....	28 cents per hour
Second six months' employment.....	29 cents per hour
Second year's employment.....	30 cents per hour
Third year's employment.....	31 cents per hour
Fourth year's employment.....	32 cents per hour
Fifth year's employment.....	33 cents per hour
After the fifth year.....	34 cents per hour

The basic day is ten hours, but no increase in the hourly rate is allowed for overtime, and wages are computed upon the actual hours worked.

Because of traffic requirements, it is impossible to give every trainman a full day's employment in consecutive hours. The congestion of traffic during the morning and evening hours compels the use of tripper cars, which operate only during these peak periods. This condition under the ten-hour system results in so-called "split runs" and necessitates the breaking up of a day's work into two or three comparatively short periods. As a consequence, a considerable portion of the trainmen have their day's work spread over an elapsed period in some instances greatly in excess of the actual hours worked.

The wages and working conditions of the trainmen in the Ankeny and Piedmont divisions, which are deemed to be fairly representative of the entire system, are revealed in the following table, in which the figures are all based upon weekday schedules:

### HOURS OF LABOR OF TRAINMEN

	PRESENT RUNS	Ankeny Division	Piedmont Division
Number of men having regular schedule runs.....		201	302
Number of men having "first class" runs.....		18	35
(A "first class" run, as here used, is a day run quitting before 6 p. m. and without a tripper piece).			
		Ankeny Division	Piedmont Division
Number of men having regular runs with elapsed time over			
12 hours and less than 13 hours.....		71	68
Maximum .....	12:55		13:00
Minimum .....	12:04		12:00
Average .....	12:29		12:47
Number of men having regular runs with elapsed time over			
13 hours and less than 14 hours.....		87	127
Maximum .....	13:59		14:00
Minimum .....	13:06		13:00
Average .....	13:32		13:39
Number of men having regular runs with elapsed time over			
14 hours .....		14	72
Maximum .....	15:57		17:33
Minimum .....	14:13		14:00
Average .....	14:30		14:36
Number of men on extra list.....		50	61
Maximum employment, hours per month.....	325		348
Minimum employment, hours per month.....	218		225
Average employment, hours per month.....	265		280

Extra men are required to report at two of the three reporting times of 5 a. m., 10 a. m., and 4 p. m., their usual employment consisting of taking out a regular run due to the absence of regular men. They are subject to call at other times but are not apt to be so called.



	Ankeny Division	Piedmont Division
Number of men having runs starting between 5 and 6 a. m. ....	65	140
Range of quitting time p. m. ....	4:07- 7:05	5:00- 7:00
Number of men having runs starting between 6 and 7 a. m. ....	50	68
Range of quitting time p. m. ....	6:33-10:15	5:00- 7:00
Number of men having runs starting between 7 and 8 a. m. ....	4	16
Range of quitting time p. m. ....	7:14 7:17	12:00-12:30
Number of men on "owl service" .....	6	10
Starting time.....	{ 9:30p 5:10p { 9:02p 9:30p { 9:05p { 8:34a 5:30a { 8:41a 9:00a { 8:46a	
Quitting time.....		

	Ankeny Division	Piedmont Division
Number of men having runs extending beyond 5 p. m. ....	187	302
Range of starting time.....	5:00a-9:30p	5:00a-9:30p
Number of men having runs extending beyond 6 p. m. ....	169	248
Range of starting time.....	5:00a-9:30p	5:00a-9:30p
Number of men having runs extending beyond 8 p. m. ....	98	78
Range of starting time.....	6:30a-9:30p	5:30a-9:30p
Number of men having runs extending beyond 10 p. m. ....	88	64
Range of starting time.....	6:14a-9:30p	3:30p-9:30p
Number of men having runs extending beyond 12 p. m. ....	62	54
Range of starting time.....	10:00a-9:30p	10:30a-9:30p

### PAY OF TRAINMEN WITH REGULAR RUNS

#### PRESENT RATES AND SCHEDULES

	Ankeny Division	Piedmont Division
Maximum pay per month.....	\$119.10	\$115.26
Rate per hour for above run.....	.34	.34
Elapsed time of above run.....	11:41	13:53
Working time of above run.....	11:41*	11:19
Minimum pay per month.....	\$ 70.50	\$ 67.50
Rate per hour for above run.....	.30	.30
Elapsed time of above run.....	14:29	13:41
Working time of above run.....	7:47	7:30
Average pay per month.....	\$102.00	\$ 98.09

The foregoing rates of pay per month represent what the maximum, minimum and average runs will pay if worked 30 days per month. In actual practice this is not done, and the earnings from these runs would ordinarily be approximately 15 per cent less than here shown.

Viewing this question from the standpoint of all parties concerned, we believe that the granting of a shorter basic day and a reasonable increase in wages is justified.

The Commission is not clothed with authority to fix schedules of wages. It is with the operating expenses, of which wages are a part, that we are concerned. These operating expenses become highly important in the consideration of two separate rights, viz: (1) the right of the patron to be protected against an unreasonable rate, or inadequate service, and (2) the right of the stockholder to a reasonable return upon his investment prudently made.

As to what will constitute a reasonable decrease in hours and increase in wages, from the standpoint of the patron, no definite figure need now be determined.

The stockholder, through his executive officer, is in a position to protect his earnings and service against the unreasonable demands of employees. And, if the patron, by the payment of a reasonable fare, provides the funds to meet all

\* This is an "owl" run with a layover which is paid for.

reasonable operating expenses and fixed charges due to the furnishing of adequate service and the establishment of fair working conditions and wages, any depletion of earnings, due to the payment of excessive wages should, and does become the stockholder's responsibility.

The Company, therefore, should exercise full discretion in the fixing of wages and working conditions, and its actions should only be questioned when the resulting operating expenses reach the point where they affect the rates charged or the service rendered.

While this discussion has dealt primarily with the trainmen, the demands of the other employees are fairly comparable, and although the discussion may not be applicable in all its details, the conclusions reached apply with equal force as to them.

#### COMPARISON OF PRESENT AND FUTURE OPERATING EXPENSES

In addition to the outlay necessary to meet reasonable demands of its employees, the company is confronted with largely increased expenses due to the present high material prices. Aside from the materials and supplies covered by unexpired contracts, it is estimated by the company that the expenses during the ensuing year, by reason of the recent advances in prices of materials and wage increases already granted will greatly exceed those of 1917.

A budget submitted by the utility showing its estimated expenses for the year 1918, as compared with its actual expenditures during 1917, is here set forth. No anticipated increases in wages or material prices are reflected in these figures.

BUDGET		Year ending June 30, 1917	Year ending June 30, 1918
Maintenance of Way and Structures.....		\$ 134,991.00	\$ 247,600.00
Maintenance of Equipment.....		150,691.00	260,686.00
Traffic .....		6,474.00	7,100.00
Conducting Transportation:			
Superintendence of Transportation.....		45,223.00	46,000.00
Power—Operating expenses only.....		58,147.00	77,077.00
Passenger trainmen.....		908,901.00	1,090,680.00
Freight trainmen .....		1,239.00	1,511.00
Miscellaneous car service employees.....		6,036.00	7,250.00
Miscellaneous car service expenses.....		30,968.00	43,500.00
Station employees.....		5,249.00	5,660.00
Station expense.....		691.00	864.00
Car house employees.....		58,208.00	62,000.00
Car house expense.....		2,956.00	4,160.00
Operation of telephone system.....		459.00	459.00
Other transportation expenses .....		4,825.00	6,800.00
Total conducting transportation.....		\$1,122,901.00	\$1,345,961.00
General and miscellaneous expenses:			
Salaries and expenses of general officers.....	\$	24,018.00	\$ 24,018.00
Salaries and expenses of general office clerks....		31,058.00	34,164.00
General office supplies and expenses.....		11,730.00	15,000.00
Law expenses .....		10,776.00	10,776.00
Relief department expense.....		4,809.00	5,328.00
Miscellaneous general expense.....		22,733.00	27,280.00
Other operations—cr.....		135.00	179.00
Injuries and damages.....		100,132.00	115,147.00
Insurance.....		7,620.00	7,620.00
Stationery and printing.....		15,345.00	19,181.00
Rent of equipment.....		9.00	9.00
Total general and miscellaneous.....	\$	228,365.00	\$ 258,702.00
Total operating expenses.....		\$1,633,422.00	\$2,120,049.00

#### REMEDIES

It is evident the situation is critical; the company is facing an impairment of its already low earnings that can not be borne under present conditions. To meet this situation there are but five remedies—the removal of unjust burdens imposed by the public, increased efficiency, additional business, reduced service and higher rates.

Under the conditions which exist in Portland, coupled with the statutory requirements and the legal and moral duty of the company to furnish adequate and safe service at reasonable rates, it is doubtful whether any one of these alone will solve the problem. Excessive reductions in service, or undue increases in rates, will but invite the resumption of jitney competition, backed by public opinion, and the utility will again be facing a crisis, graver, if anything, than the one which now confronts it. Without the good will and confidence of the public, any public service corporation must operate under a serious handicap. If, indeed, it can long continue to operate profitably, or at all.

These remedies will be considered in the order named:

*Removal of Unjust Burdens Imposed by the Public:*

It is the practice in the city of Portland to require the street railway company, when streets are improved, to meet the original cost of and thereafter maintain all paving between its rails and to the end of the ties on the outside thereof. By reason of this fact, the Portland Railway, Light & Power Company has, to date, been compelled to lay approximately \$2,000,000 worth of paving. Interest, depreciation and maintenance on this paving amounts to about \$225,000 per annum. The existence of this paving adds nothing to the efficiency or ease of operation of the railway system, and detracts nothing from the cost of maintenance. On the contrary, the maintenance expense, as well as the original cost of installation of the railway system are increased by the presence of the paving.

The money necessary to meet this situation eventually, of course, comes from the car rider. On streets not occupied by car tracks, this expense is borne by the abutting property owner. The question, then, arises as to whether this paving should be installed and maintained by the car rider, when, as such, he derives no benefit therefrom, or whether the burden should be borne by the abutting property owner who enjoys not only the benefit of the paving, but any advantage which may accrue from the proximity of the car service.

Since the presence of the tracks upon the street results in added cost both in the installation and the maintenance of the paving, it is obvious the car rider should bear such added expense, because he is directly responsible therefor, but beyond this additional cost, he has no responsibility, and should bear no burden.

In this same category may be mentioned the franchise requirement for free transportation for certain city employees, amounting in the aggregate to a loss in revenue of approximately \$16,000 annually. It has been suggested that this free transportation is furnished in lieu of additional salary. If so, it is even more obvious that this burden should be borne by the tax payer and not the car rider.

Bridge rentals and franchise fees, if they exceed the added cost due to the existence of the railway system, also result in a tax upon the patrons of the car lines, which well might be shared by others.

The fallacy of imposing undue public charges upon utilities as a condition precedent to their right to engage in a public service has been repeatedly demonstrated. We are not unmindful of the difficulties which would be encountered in attempting to accomplish an equitable readjustment of these, and other like conditions, but they should not be insurmountable.

*Increased Efficiency:*

Much expense in the operation of any public utility is due to the necessity of meeting the peak demands upon its system. The great mass of car riders patronize the cars during comparatively short periods in the morning and evening—in the morning going to their work, and in the evening returning to their homes. To meet these demands it is necessary to provide men and equipment that, for the most part, must lie idle at other times in the day.

Any action which will tend to alleviate this condition will have a direct bearing upon the demands made upon the equipment of the company, and result in a decided betterment of service, at less expense, during the rush hours.

If the industries of Portland will cooperate with the company and its employees in an endeavor to arrive at schedules of working hours for the industries which will result in spreading the heavy traffic over a longer period, a considerable saving can be made, and, at the same time, by reason of greater uniformity in car loading, better service can be afforded during these peak periods. We are informed some of the large industries of Portland have cooperated with the company in this manner and the results have been highly beneficial. The Commission commends this feature to the earnest consideration

of all interested parties, and will be pleased, indeed, to lend any assistance within its power in arriving at a satisfactory solution. With our present information we see no reason why further advantageous adjustments of working hours can not be made without imposing any hardship upon any one.

With exception of a very small number of cars in the outlying districts, two-men cars are operated upon all the lines of this company. On lines where heavy grades are encountered, and in the congested down-town district, two platform men ordinarily are necessary to insure safety of operation and greater dispatch in the handling or traffic. However, when a car is loaded and has left the congested district, the conductor may well leave the car at an appropriate point, and double back on the next car. Most of the owl cars may well be operated with a single man. These adjustments require careful planning but the results will justify the effort. A saving in time and consequently in cost of operation can be made if patrons will reduce to the minimum the delay in boarding or alighting from the cars. While, in the individual instance, this delay is small, the aggregate time lost in the innumerable stops made on the system is no inconsiderable factor.

#### *Additional Business:*

The utility estimates that the number of passengers to be transported upon its street railway lines during the 12 months ended June 30, 1918, will be 15% greater than during the preceding 12 months. Because of the increased commercial activity and the elimination of jitney service in Portland, we concur in this estimate and believe it may reach even greater proportions. Figures for the months of July and August of this year, which are the only months for which the information is now available, indicate an increase in traffic of approximately 25% over the corresponding period last year. Of course, the increase in gross earnings is accompanied by an increase in operating expenses, but in less proportion, resulting in a net gain.

#### *Reduced Service:*

As before noted, the company operates under contract or agreement, lines known as the Alameda, Arlington Heights, Beaumont, Eastmoreland, King's Heights, and Westover Terrace lines.

The Arlington Heights, King's Heights and Westover Terrace lines were constructed under franchises held by other interests than the applicant company and are now owned by those interests. They are operated by this company under various agreements and have never been considered a part of its property. No allowance was made in the figures of value fixed by the Commission for these lines. Under the various agreements the operating expenses are guaranteed by the owners, but are now, in most instances, considerably in arrears. If these lines are to continue to operate under these agreements at an actual out-of-pocket loss, it should be at the expense of the stockholder and not the patron. As a street railway venture they were not a prudent expenditure of money. That this fact is recognized by the Company is evidenced by its failure to exercise the option, which it holds under its agreement with the owners, to take over these lines.

The Beaumont, Alameda and Eastmoreland lines were constructed by unaffiliated interests under city franchises held by the applicant company. They are now being operated by this utility. While the track and overhead system has not been deeded to the company, and was not included in the Commission's findings of value, the company has, nevertheless, held itself out to furnish this service to the public, and having once established such service reasonable transportation facilities should be maintained.

Frequency of service, of course, should be governed primarily by the traffic offered. The application of this principle should be limited only by the approach of the resulting service to the minimum which will stand the test of reasonableness. As a general proposition, in the absence of unusual circumstances, the Commission believes that no street cars within the city of Portland should be operated at greater than twenty minute intervals.

We are of the opinion that the present service in Portland in many respects is in excess of the reasonable demands of the traffic. A study of street car operations in comparable cities elsewhere reveals that Portland enjoys street railway transportation equal if not superior to that of any city in the United States. Such service is undoubtedly a great convenience, but it is not a necessity.

As an illustration the record before us indicates that the territory served by the Sunnyside and Mt. Tabor lines between East Forty-eighth street and the

business district, has a car passing a given point every  $3\frac{1}{4}$  minutes during normal day travel. During the morning and evening periods of heavy traffic this service is augmented by tripper cars which reduce the time to less than 2 minutes. From a study of the average loading at the peak load point, the Commission is convinced that three cars, two from the Sunnyside and one from the Mt. Tabor line, can be withdrawn without serious detriment to the service. The withdrawal of these three cars the spacing of cars during the normal travel will not exceed 5 minutes, while the spacing during the peak periods will be lengthened less than a quarter of a minute.

Under the present schedule on these lines, by actual count on a typical day the company furnished 1807 empty seats between 9:00 a. m. and 4:30 p. m. against 1793 seats occupied by paying passengers. Under the suggested revision there would still have been over 800 empty seats.

A similar count made during the peak periods, i. e. 6:00 to 9:00 a. m. and 4:30 to 7:00 p. m., on the same lines, showed that 38% of the cars did not have their seats filled; 96 cars, with a seating capacity of 3017, carried 3614 passengers, an average of six people standing in each car.

By slight changes in the routing of cars other savings can be accomplished. For instance, the company now maintains a  $7\frac{1}{2}$  minute shuttle car service between Thirteenth street, Sunnyside cars are operated up Eleventh Street to Hall, thence on Hall to Thirteenth, thence down Thirteenth to Montgomery, and via Montgomery back to Eleventh for the return trip. If these cars were rerouted to operate from Morrison up Thirteenth street and return via Eleventh, the two-way service now engaged in the shuttle service could be discontinued. The advantages resulting from the elimination of the necessity for the use of transfers would more than offset the disadvantages which would accrue from the one-way operation, and as a whole the service would be improved. This arrangement would require a slight addition to the present trackage facilities, but the expense involved would be nominal as compared to the saving effected.

At the present time through service is maintained from short branch lines which might reasonably be served with shuttle cars operating only to the main lines and connecting there with through cars. This feature should receive careful consideration, as should also the advisability of attaching trailers to through no-stop cars and the elimination of the trippers which might be unnecessary under such a plan.

We do not wish to be understood in this connection as suggesting indiscriminate curtailment of service, or, in fact, any reduction which will operate to the standard below that which the public is entitled to receive. Experience has taught us that, ordinarily, next to safety of operation, adequate service is of prime importance in public utility activities. Choosing between an increase in rates or the impairment of a reasonable service, in the absence of peculiar conditions, the Commission will unhesitatingly adjust the rates. But, on the other hand, if the service is in excess of that reasonably required, then the service and not the rates should be adjusted. In other words, no increase in rates should be allowed in order to enable a utility to maintain or provide service in excess of the reasonable needs of its patrons.

The Commission will exercise such supervision over the carrying out of these recommendations as will insure that no unreasonable impairment of service will result.

The suggestions here set forth are not to be taken as covering all economic ideas which may be practiced. No attempt has been made to cover the entire field but rather typical cases have been chosen with the object of illustrating the ideas entertained by the Commission in regard to service adjustments, and the application of other measures of economy.

#### *Higher Rates:*

Under its tariff, O. R. C. No. P 141, effective February 22, 1916, and in force, an unlimited ticket book containing 50 coupons, each good for one ride with full transfer privileges, is sold for \$2.25. The same tariff also names a rate of \$1.00 for school tickets in books of 33 coupons, good only for children attending public, private and Sunday schools. These rates, the Commission believes, are unduly low.

We feel that with the application of measures of economy along the lines here suggested, coupled with hearty cooperation of the people of Portland, individually and collectively through their city government, in the working out of this problem, the company may be able to meet all reasonable demands of its employees and its prospective increased expenses, without resorting to fu-

rate adjustments. Until the effect of these measures can be more accurately determined, the Commission hesitates to add to the public burden by the imposition of any further increase of rates.

We desire to be plainly understood, however, as entertaining no sanguine hopes as to the possibility of escaping an increase in fares unless the heartiest cooperation is afforded the utility. Slight personal inconveniences and purely technical considerations must give way to broadness of mind and fairness of spirit with the ultimate object of the greatest good to the greatest number.

The company will be required to submit monthly statements covering its street railway operations, together with full information as to the action taken with regard to the suggestions herein contained. The Commission will retain jurisdiction of this matter and will keep closely in touch with the entire situation. As the actual effect of this order is demonstrated, should it, in the opinion of the Commission, become necessary, further action will summarily be taken.

#### FINDINGS

After a full consideration of the foregoing, and based upon the record before it, and its knowledge of the operations of the Portland Railway, Light & Power Company gained from an exhaustive investigation extending over several years, the Commission now makes the following findings of fact:

1. The present revenues derived by this utility from the operation of its street railway system are inadequate.
2. The service now afforded is in excess of that required to reasonably meet the demands of the traffic handled.
3. That the rates charged and collected for unlimited ticket books and school children's limited tickets, are unjust, unreasonable and inadequate.
4. That just, reasonable and adequate rates and practices for the utility to charge, impose and collect, in lieu of such unjust, unreasonable and inadequate rates are:

Unlimited tickets .....	5 cents each
Limited school children's tickets .....	4 cents each

#### ORDER

The Commission having fully investigated the application of the Portland Railway, Light & Power Company for increase in fares on street railway lines in the city of Portland,

IT IS ORDERED that the Portland Railway, Light & Power Company be, and it hereby is, authorized to increase the rates named by it in its tariff, O. R. C. No. P 141 for unlimited tickets and school children's limited tickets, such increased rates, however, not to exceed the following:

Unlimited tickets .....	5 cents each
Limited school children's tickets .....	4 cents each

IT IS FURTHER ORDERED that until otherwise advised by this Commission, the Portland Railway, Light & Power Company shall submit monthly statements covering its street railway operations, together with full information as to any action which may have been taken subsequent to the date of this order with reference to the curtailment of service, or other measures of economy in such operations.

AND, IT IS FURTHER ORDERED, that pending further developments this matter be kept open upon the docket of the Commission and that jurisdiction herein be retained for the purpose of taking such other and further action as may be deemed appropriate.

The application of this order is restricted to purely Oregon intrastate business, and nothing herein contained shall be taken as in any way affecting interstate commerce.

Dated at Salem, Oregon, this fifth day of October, 1917.

PUBLIC SERVICE COMMISSION OF OREGON,

By Fred G. Buchtel,  
Commissioners.

Attest:

Ed Wright, Secretary.  
(SEAL)

## BY COMMISSIONER COREY

Insofar as I am able to ascertain, this application is unique in the history of the regulation of public utilities. I am heartily in accord with many of the suggestions outlined in the majority opinion, but do not believe they will afford the prompt relief which to me seems necessary, and am, therefore, unable fully to concur with my colleagues.

The basis of this application for an increase in car fares is that an emergency exists which compels the company to promptly obtain more revenue. The testimony as to the emergency seems to me to be clear. The demand for shorter hours and increased wages by the employees, the advanced prices of material and supplies and the still further probable advance, coupled with the fact that the company has earned an average of less than four per cent during the past five years, has created the emergency. The case is, therefore, one of utmost importance, for without the increase, what is now efficient operation will be demoralized. I find little testimony in the record in my judgment warranting any considerable amount of reduction in service and I do not believe it should be expected of the citizens of Portland to tolerate a return to such practice. Further, a reduction in car service will, I believe, create a strong demand for the return of the jitneys.

Here are approximately eighteen hundred employees of the company in a more or less hazardous occupation, insufficiently paid, demanding an increase in wages. Owing to increased cost of living due to conditions over which they have no control their present wages have become entirely inadequate. I believe these demands should be met. Labor should share fairly in the profits that are a result of its toil, to that extent, at least, that its reward will always be reasonable.

Labor cost is one of the principal items in the cost of furnishing service, and if the state is to regulate public utility rates, and through them revenue, it must also consider public utility labor expenses. Otherwise, in protecting the interests of one group of citizens, the consumers, it will sacrifice those of another group, the employees. States should so regulate that neither an increase in profits to the utility nor lower rates to the consumers will be given without considering the wages of the employees.

A six-cent fare is open to objection on many grounds, and it may seriously be doubted whether such a fare will result in any substantial net benefit to the company. In this case, however, the change is open to less than the usual amount of objection, for the percentage of the short haul traffic is small; the average haul being four and one-half miles, the average rate would be less than one and one-half cents per mile even with a six-cent fare. Furthermore, in view of the history of this company, and the unusual proportion of its local hauls it is reasonably entitled to make this experiment in fares which may have the effect of improving its financial condition and enabling it to continue its operation and to gradually improve its property; providing, of course, no undue burden is placed upon its patrons, and that no more is charged for the service than it is reasonably worth. Believing that in order to avoid a constant reduction in service to meet the ever increasing costs of operation, a more judicious and equitable solution of this problem is to place the necessarily added burden as uniformly as possible upon all the patrons of the company's lines, and at the same time favoring those least able to bear the same. In order to provide for a necessary increase in revenues I favor a reduction in service where practicable and a temporary six months' trial increase in street car fares to six cents (six rides for 35 cents), retaining the present school children's tickets; workmen's daily ride books upon the basis of 52 rides during a period of one month for \$2.60, unused coupons to be redeemable at an amount equal to the difference between what the rides the passenger has taken has cost him and what it would have cost him if he had paid cash instead of using the tickets, such tickets to be used only on week days. These tickets should be available to all. This practice is in successful operation in some eastern industrial centers, and in one instance, at least, has been prescribed by a Public Service Commission. The theory is not founded upon the fact that the purchaser is a working man or belongs to any other class of individuals, but because he makes constant use of the street car facilities. Many of such patrons make habitual use of the cars between designated points, and have perhaps established their homes in the reasonable expectation and belief that the present charge would be continued. These proposed fares are admittedly experimental; however, the temporary

months' trial would afford ample opportunity for the Commission, after close observation, to determine whether or not this schedule should be continued.

I firmly believe the increase in rates is absolutely necessary if a reasonably high standard of service is to be maintained and a just increase in the wages of employees granted. Delay in applying a proper remedy may necessitate a later increase in fares in excess of the six-cent fare now suggested, and for a much longer period.

In my judgment, based upon the record before us, the application for increased fares should be allowed.

H. H. COREY,  
Commissioner.

In the Matter of the Investigation and Suspension of Advances in Rates by the SUMPTER VALLEY RAILWAY COMPANY.	} No. F-594
In the Matter of the Application of the SUMPTER VALLEY RAILWAY COMPANY for authority to increase certain freight rates and charges.	
	} No. F-605

(ORDER ENTERED OCTOBER 5, 1917—P. S. C. ORDER NO. 276)

These two cases arise out of a desire on the part of the Sumpter Valley Railway Company to increase its freight rates. Case No. F-594 is the result of the suspension by the Commission of a tariff sought to be made effective July 15, 1917, and case No. F-605 is on the application of the company for a modification of orders issued by the Commission fixing rates for transportation of logs and lumber. Taken together the cases cover a straight 15 per cent increase in all freight rates of the company.

Pursuant to the statutory notice, public hearing was held in Baker, Oregon, on July 17, 1917. The cases now stand ready for decision.

#### Appearances:

For Sumpter Valley Railway Co., John L. Rand.  
For Baker White Pine Lumber Co., Frank Gardinier.  
For W. H. Eccles Lumber Co., L. B. Stoddard.

Owing to the close relationship between these two cases and for convenience they were heard together and will be covered by a single order.

Sumpter Valley Railway Company, an Oregon corporation, is the owner of and operates a line of narrow gauge railroad extending from Baker to Prairie City, Oregon, a distance of approximately 80 miles. In this distance the road passes over three mountain ranges. It was constructed primarily for the purpose of handling forest products and this class of freight now constitutes by far the greater portion of its traffic.

It is contended that "an urgent necessity exists for an advance in rates to enable this company to meet the financial outlay incident to greatly increased operating costs, increased cost of material, equipment and taxes, all of which it is incurring and must continue to incur to meet the demands of the general commerce of the country."

We have long held that next to safety of operation service is of prime importance, and where rate reductions can only be made at the expense of the service the Commission will hesitate to take such action unless it can be clearly shown that the curtailed service, in itself, is reasonably adequate to care for the traffic offered, or that the rates are so unreasonable or discriminatory as to make their correction necessary. Conversely, where the service is compelled to suffer because of the inadequacy of the rates to provide sufficient revenue, and increased rates will afford relief, the Commission will not hesitate to authorize or name such increased rates, unless such rates are in excess of the value of the service rendered.

The results of the operations of this company during recent years are shown by the appended comparative income statement. The figures are for the fiscal years ending June 30:



INCOME COMPARISON STATEMENT  
SUMPTER VALLEY RAILWAY COMPANY

	1914	1915	1916	1917
Railway operating revenues.....	\$316,237.40	\$305,944.66	\$341,019.67	\$346,127.75
Railway operating expenses.....	239,922.97	233,492.88	237,511.61	250,320.00
Net railway operating revenues .....	\$ 76,314.43	\$ 72,451.78	\$103,508.06	\$ 95,606.75
Railway tax accruals .....	9,900.00	11,410.75	10,303.79	10,385.00
Uncollectible railway revenues..				1.00
Railway operating income..	\$ 66,414.43	\$ 61,041.03	\$ 93,204.27	\$ 85,220.75
Total non-operating income.....	3,664.07	4,130.09	6,988.06	2,533.00
Gross income .....	\$ 70,078.50	\$ 65,171.12	\$100,192.33	\$ 87,754.75
Total deductions from gross income .....	48,738.06	48,612.00	51,189.65	49,675.00
Net income .....	\$ 21,340.44	\$ 16,559.12	\$ 49,002.68	\$ 38,079.75

It will be noted the operating revenues of the company dropped quite materially during the year from July 1, 1914, to June 30, 1915. This decrease in revenue was occasioned largely by the destruction by fire of a large sawmill located upon its line. Since 1915, the operating revenues have increased materially, the figures showing a rapid gain during the year ending June 30, 1916, due largely to increased activity of the milling industry, and since that date a steady increase which would seem to indicate a healthy commercial condition in the territory served.

On the other hand, with the exception of the year 1915, the ratio of operating expenses to operating revenues is below that for the year 1914, while during the year 1917, the expenses are again approaching the revenues. This last increase in operating expenses is due largely to increased wage scales and material prices. The decrease in operating expenses during the years 1915 and 1916, the latter year in the face of largely increased traffic, is due primarily to increased efficiency of operation and management.

Barring unforeseen contingencies, and making allowance for the payment of increased material and labor costs, the last two years may be taken as fairly representative of future operations if normal growth is realized.

Railroads in a growing and undeveloped community like Eastern Oregon are not finished. They are in a constant state of extension and construction which continually calls for new capital. These demands must be met by inducing the investors to furnish the necessary funds or the utility will stagnate and the community will suffer accordingly.

Manifestly capital must be assured a fair rate of return before it can be induced to enter into a public service under state regulation of profits. Capital will only seek enterprises where the profit is commensurate with the risk involved.

Obviously the rate of return required to attract capital to any utility can not be determined with mathematical exactness. Each case must be determined upon its own merits. We are convinced from the present record that this company is entitled to an increased return.

The establishment of rates which will provide this increased return is the problem in this case. The tariff filed and the application made by this company contemplate a straight 15 per cent increase in all freight rates, and while the company may be entitled to such an increase from the standpoint of its earnings, such action would in some instances, so affect the movement of certain commodities, due to the competitive and commercial conditions, as to practically defeat the purpose which prompts the establishment of the increased rates. In other words, to use a familiar phrase, the resultant rate would be "more than the tariff will bear." Other commodities, however, can stand an increase and under the conditions which now prevail, we believe from the showing made, a reasonable increase in some of this company's rates is justified. The revenues resulting from the application of these increased rates, under the present operating conditions, will not in our opinion give to the applicant an excessive or unfair return.

The Commission has compiled the following schedule of increased rates which are deemed to be just, reasonable and not unjustly discriminatory. All other rates published in Local Freight Tariff No. 46-A which are not increased are to remain in effect.

## CLASS RATES

## CLASSES

In Cents per 100 Pounds

	1	2	3	4	5	A	B	C	D	E
<b>Between BAKER and</b>										
Thompson .....	18½	17½	16	15	14	12½	11½	10½	9	8
McEwen .....	32	29	25½	23	22	19½	15	12½	11½	10½
Sumpter .....	38	34½	31	27½	24	20½	17½	15	12½	10½
Whitney .....	52	48½	43½	39	35½	32	29	26½	23	20½
Tipton .....	57½	52	46	41½	38	34½	32	29	26½	23
Austin .....	63½	55	49½	46	40½	37	32	29	26½	23
Dixie .....	75	65½	57½	52	43½	40½	38	34½	29	27½
Prairie City .....	86½	77	69	63½	55	49½	43½	38	32	29
<b>Between THOMPSON and</b>										
McEwen .....	18½	17½	16	15	14	12½	11½	10½	9	8
Sumpter .....	26½	23	20½	18½	16	15	14	11½	10½	9
Whitney .....	38	34½	32	30	27½	26½	25½	23	22	20½
Tipton .....	45	40½	37	34½	32	29	27½	26½	24	22
Austin .....	53	48½	43½	39	35½	32	29	26½	24	22
Dixie .....	64½	54	46	41½	38	34½	32	30	26½	24
Prairie City .....	75	65½	57½	52	43½	40½	38	34½	29	27½
<b>Between McEWEN and</b>										
Sumpter .....	18½	17½	16	15	14	12½	11½	10½	9	8
Whitney .....	30	29	27½	26½	25½	24	23	22	20½	19
Tipton .....	34½	32	30	29	27½	26½	25½	23	22	20½
Austin .....	38	34½	32	30	27½	26½	25½	23	22	20½
Dixie .....	49½	46	42½	40½	37	34½	32	29	24	23
Prairie City .....	63½	55	49½	46	40½	37	34½	31	29	26½
<b>Between SUMPTER and</b>										
Whitney .....	18½	17½	16	15	14	11½	11½	11½	11½	11½
Tipton .....	23	20½	18½	17½	16	15	15	15	15	15
Austin .....	30	29	27½	26½	25½	24	23	22	20½	19
Dixie .....	41½	39	35½	32	29	27	24	23	22	20½
Prairie City .....	53	50½	47	43½	40½	38	34½	31	29	23
<b>Between WHITNEY and</b>										
Tipton .....	18½	17½	16	15	14	11½	11½	11½	11½	11½
Austin .....	26½	25½	24	23	22	20½	19	18½	17½	16
Dixie .....	38	35½	32	29	25½	23	22	19	18½	17½
Prairie City .....	49½	47	43½	40½	37	34½	31	29	25½	20½
<b>Between TIPTON and</b>										
Austin .....	18½	17½	16	15	14	11½	11½	11½	11½	11½
Dixie .....	29	26½	24	19	18½	17½	16	15	14	12½
Prairie City .....	40½	34½	29	26½	24	23	22	20½	19	18½
<b>Between AUSTIN and</b>										
Dixie .....	17½	16	15	14	12½	11½	10½	9	8	8
Prairie City .....	29	27½	26½	25½	24	23	22	20½	19	18½
<b>Between DIXIE and</b>										
Prairie City .....	18½	17½	16	15	14	12½	11½	10½	9	8

## COMMODITY RATES

Item No.	COMMODITY	Straight or mixed carloads Between And		Rate in cents per 100 pounds
45	Asbestos, (crude).....	Prairie	Baker	19 1/2
48	Hay, (baled).....	Baker	McEwen	8 1/2
	Hay, (baled).....	Prairie	Prairie	17 1/2
			White Pine	14 1/2
49	Lime, plaster, stucco, and cement.....	Baker	Austin	23
			Prairie	34 1/2
50	Live stock, viz: cattle, hogs, horses, mules and asses, per car.....	Baker	Austin	\$20.50
			Prairie	29.00
51	Live stock, viz: sheep and goats, per car.....	Baker	Austin	\$15.50
			Prairie	21.50
55	Rails.....	Baker	Sumpter	12 1/2
			Whitney	23
57	Sand and gravel.....	Baker	Austin	26 1/2
58	Sugar.....	Baker	Austin	12 1/2
			Prairie	49 1/2
59	Wool.....	Baker	Austin	26
			Prairie	34 1/2
54	Potatoes.....	Prairie	Baker	23
52a	Locomotives and geared engines, under their own steam.....			29c per mile
	Locomotives and geared engines, not under their own steam.....			57 1/2c per mile

## DISTANCE RATES

Item No.	Commodity	Distances	Rate in dollars and cents per car
60a	Logging outfits.....	For each mile or fraction thereof.....	\$ .11 1/2
		Minimum charge.....	5.00

Distances	Cattle, hogs, mules, horses and asses, straight or mixed carloads, rate per car		Goats and sheep, straight or mixed carloads, rate per car		Hay (baled) rate in cents per 100 pounds
Five miles or less.....		\$ 8.00		\$ 6.50	7
Over 5 miles but not exceeding 10 miles.....		10.50		8.50	8 1/2
Over 10 miles but not exceeding 15 miles.....		12.50		10.50	10 1/2
Over 15 miles but not exceeding 20 miles.....		15.00		12.00	12
Over 20 miles but not exceeding 25 miles.....		16.50		13.00	14 1/2
Over 25 miles but not exceeding 30 miles.....		18.50		15.00	15
Over 30 miles but not exceeding 35 miles.....		20.00		16.00	16
Over 35 miles but not exceeding 40 miles.....		22.00		17.50	17 1/2
Over 40 miles but not exceeding 45 miles.....		23.50		19.00	18 1/2
Over 45 miles but not exceeding 50 miles.....		25.50		20.00	19 1/2
Over 50 miles but not exceeding 55 miles.....		27.00		21.50	20 1/2
Over 55 miles but not exceeding 60 miles.....		29.00		23.00	21 1/2
Over 60 miles but not exceeding 65 miles.....		30.50		24.50	22
Over 65 miles but not exceeding 70 miles.....		32.00		26.00	22 1/2
Over 70 miles but not exceeding 75 miles.....		33.50		26.50	23
Over 75 miles but not exceeding 80 miles.....		34.00		27.00	23 1/2
Over 80 miles but not exceeding 85 miles.....		34.50		27.50	24

In order to avoid any possible confusion, the tariffs filed will be permanently suspended and the application for a modification of the Commission's former orders denied, with this proviso, that the company shall be permitted to file tariffs naming a new schedule of rates not inconsistent with these findings. To this end

IT IS ORDERED that Special Supplement to Sumpter Valley Railway Company tariff No. 46-A, P. S. C. Or. No. 35, issued May 10, 1917, and sought to be made effective July 15, 1917, be and the same hereby is permanently suspended; and that the application of the Sumpter Valley Railway Company for a modifi-

cation of the orders of this Commission, entered in Case No. F-203, September 5, 1912, and in Case No. F-210, September 6, 1912, be and the same hereby is denied.

IT IS FURTHER ORDERED, HOWEVER, that the Sumpter Valley Railway Company be and it hereby is granted authority to file in the manner provided by law and the rules of this Commission, a tariff, or a supplement to its present tariff, naming rates which shall not exceed those hereinbefore set forth as just, reasonable and not unjustly discriminatory.

In the Matter of the Application of the COOS & CURRY  
TELEPHONE COMPANY for Authority to Increase,  
Change and Amend Certain Toll Rates, Telephone } No. U-F-166  
Rentals and Service Charges.

(ORDER ENTERED OCTOBER 5, 1917—P. S. C. ORDER NO. 278)

This is an action brought by the Coos & Curry Telephone Company for permission to revise rates and other charges for telephone service and in effect replaces and consolidates various applications, formerly brought separately by the Coos & Curry Telephone Company and the Coquille Valley Telephone Company, which appear upon the Commission's docket as cases numbered U-F-130, 132, 133, 137, 139 and 140.

These applications were brought prior to a consolidation which since has been effected between the two companies and at a time when the applicants operated competitive exchanges in the city of Coquille. After preliminary hearings in these matters, and at the solicitation of the Commission, the systems of the two utilities were merged, the original applications thereafter dismissed on account of the consolidation of plants and consequent inconsistency of the petitions, and the above defined proceeding instituted in place thereof. The orders for dismissal of the prior cases transferred all testimony and evidence entered in behalf thereof, as to the value of property and other matters, to the record of the case now in hand.

Hearing in this proceeding was held before the Commission at Marshfield on the 14th day of September, 1917, with the following appearances:

*Appearances entered:*

W. U. Douglas, Attorney for Applicant.  
J. J. Stanley, Attorney for City of Coquille.

The applicant now introduces testimony to the effect that the consolidation of the business involved in the merging of the companies has, with the passage of time since the filing of the application, adjusted naturally many of the problems upon which the petition for a revision of rates had been based. Because of this an amended application was presented wherein all claims for relief at this time are waived, except the increase in rates already sought covering exchange service for calls originating upon private farmer lines connected with the lines of the applicant at the limit of any city wherein the applicant maintains a telephone system or exchange, which claim is modified by a request for permission to charge 50 cents per telephone per month for such service connecting at the limits of the cities of Bandon, Marshfield and North Bend.

No objection having been entered against the proposed charge, and it appearing to the Commission that a rate of 50c per telephone per month for switching service as designated is not an unreasonable consideration per se or by comparison for the service rendered.

IT IS THEREFORE, ORDERED, that the Coos and Curry Telephone Company be and the same hereby is granted permission to charge such rate for exchange service for calls originating upon private farmer lines connecting with the lines of the applicant at the limits of the cities of Bandon, Marshfield and North Bend, and that the company shall discontinue each and every conflicting charge and rate which may exist for that service, and

IT IS FURTHER ORDERED that application as to rates and charges other than those herein specified be dismissed.

CITIZENS OF DERBY, OREGON, Plaintiffs,  
v.  
PACIFIC AND EASTERN RAILWAY, Defendant.

} No. F-549

(ORDER ENTERED NOVEMBER 12, 1917—P. S. C. ORDER NO. 289)

Complaint by numerous residents in the vicinity of Derby, Oregon, and patrons of the Pacific and Eastern Railway tributary to said station, alleging that the service and facilities afforded by said railway company at the station of Derby are inadequate and unreasonable.

From a full consideration of all the testimony and proofs offered and received herein, and of the entire record before it, the Commission finds that the service and facilities now afforded by the Pacific and Eastern Railway at Derby station are insufficient, inadequate and unreasonable, and that sufficient, adequate and reasonable service and facilities for said company to afford at this station in the future are as follows:

First: That it shall install and thereafter maintain, in addition to the freight shed and loading platform now maintained, a passenger waiting room containing not less than 250 square feet of floor space, said waiting room to be constructed in a good and workmanlike manner, and located as conveniently as possible for the accommodation of its patrons.

Second: That said passenger waiting room shall be supplied with a sufficient number of seats, and with a stove, and fuel for use therein by patrons waiting for trains.

Third: That separate and suitable toilets be constructed adjacent to the waiting room.

Fourth: That when not in use the freight room be kept locked and the key thereto be left in the custody of some suitable person.

Fifth: That the approaches to the present loading platform be so improved as to provide adequate facilities for the loading and unloading of freight.

Sixty days is a reasonable time within which the defendant should furnish and supply the service and facilities hereinbefore found to be adequate and reasonable.

IT IS THEREFORE CONSIDERED, ORDERED AND DETERMINED that within sixty days from and after the service of a copy of this order upon it, the Pacific and Eastern Railway shall install and thereafter maintain in lieu of the service and facilities hereinbefore found to be insufficient, inadequate and unreasonable, the sufficient, adequate and reasonable service hereinbefore set out.

CENTRAL OREGON IRRIGATION COMPANY WATER USERS'  
ASSOCIATION, a Cooperative Association,

v.

CENTRAL OREGON IRRIGATION COMPANY, a Corporation,

Plaintiff,

Defendant.

} No. U-F-151

(ORDER ENTERED DECEMBER 27, 1917—P. S. C. ORDER NO. 315)

Complaint by the Central Oregon Irrigation Company Water Users' Association against the Central Oregon Irrigation Company, alleging that the irrigation system of the defendant is insufficient in size and capacity to provide a reasonable service; that certain structures therein are in a state of decay and threaten to collapse; that the defendant fails and refuses to repair such structures, or provide for adequate maintenance of its system, although the water users have contributed large sums for that purpose, and that the defendant discriminates unjustly in the distribution of water.

The defendant thereupon, without waiving its objection to the jurisdiction of the Commission but reserving all its rights in that respect, answered putting at issue all the material allegations of the complaint, and in addition set up the facts upon which it bases its objection to the jurisdiction of the Commission, together with numerous allegations relative to the failure of members of the plaintiff association to pay their maintenance fees, and generally that the complaint herein is the result of discontent and discord which has resulted from unfair and unwarranted reports and acts of the State Engineer, and hostile newspaper criticism.

Based upon the record before it and a personal investigation of the irrigation system, the Commission now finds that:

The canals, ditches and flumes operated by the Central Oregon Irrigation Company for the supply of water are of sufficient size and capacity, if properly maintained and efficiently operated, to permit proper irrigation of land now sold and requiring water.

Under prevailing normal conditions the supply of water available for use upon the land covered by this project is sufficient to provide the service specified in the contracts between the Central Oregon Irrigation Company and the State of Oregon.

Due to geological formation of the earth's surface in the district in which this project is situated and through which the canals and ditches are constructed, an excessive waste of water is occasioned especially when the same is operated with small heads and through ditches not maintained in such manner as to allow its free and unimpeded passage.

The Central Oregon Irrigation Company in the past has collected the annual maintenance charges provided in the contract between the successor in interest and the State Land Board insofar as it could but in return has not continuously maintained the canals and ditches in such manner as to allow the free flow of water therein; and partially because of this condition has deprived many of the settlers of the use of enough water to properly make up the deficiency in natural moisture upon their land; and has not distributed the water flowing into its ditches according to the respective rights of the settlers, the record clearly showing that there has been actual and unjust discrimination between various settlers in the several portions of the irrigated district, which discrimination has resulted in the receiving by some settlers of more and by others of less than their proper and necessary share of the available water.

No satisfactory or standard system of measuring and recording the amount of water taken for each parcel of land is provided by the company.

By the use of larger heads of water, through ditches and canals, properly maintained to furnish carrying capacity for the same, and under a system of rotation of irrigation on the lands of the several settlers, a portion of the naturally large losses of water, due to abnormally deep percolation, may be avoided; considerable time may be saved in the irrigation of the lands of the individual settlers; considerable less water will be required for each tract, due to the possibility of rapid flooding and the elimination of the aforementioned excessive percolation loss; and it will be more nearly possible for the company to properly supply the needs of each water user according to the requirements of the contract. It is believed that such larger heads of water may be administered safely under proper supervision to guard against excessive erosion of the canal and ditch embankment.

The income and expenses of the Company for maintenance, exclusive of the sales and contract department, appear from the record as presented below for the period from January 1, 1913, to August 31, 1916, inclusive.

	1913	1914	1915	Aug. 31, 1916	Total
Yearly fees charged ....	\$35,301.56	\$35,500.80	\$38,711.20	\$36,290.89	\$145,804.45
Cancelled contracts ..	4,433.64	371.00	843.80	.....	5,648.44
Adjustments with settlers	.....	.....	.....	3,123.55	3,123.55
Ledger .....	.....	.....	.....	.....	.....
Adjustment of contracts	.....	.....	.....	.....	.....
Acresage .....	1,933.86	1,062.05	.....	2,099.50	5,095.41
Total adjustments .....	\$ 6,367.50	\$ 1,433.05	\$ 843.80	\$ 5,223.05	\$ 13,867.40
Net yearly fees .....	\$28,934.06	\$34,067.75	\$37,867.40	\$31,067.84	\$131,937.05
Expenses—					
Direct maintenance ..	18,064.66	17,408.68	22,917.92	15,941.17	74,332.43
Administration and general .....	10,340.39	7,942.98	6,038.35	5,234.68	29,556.40
Net income .....	\$ 529.01	\$ 8,716.09	\$ 8,911.13	\$ 9,891.99	\$ 28,048.22

This statement does not include any allowance for a reduction in revenues due to the impossibility of collecting a certain portion of the yearly fees charged. This item has been estimated as \$9,358.70, total probable loss during the period from January 1, 1907, to August 31, 1916, inclusive, during which time there appeared upon the books of the company total unpaid fees of \$44,345.86, of which \$33,037.43 was delinquent.

No allowance has been included for the establishment of a depreciation reserve fund.

Current maintenance expenditures will retain the property in serviceable condition only to the extent that such repairs are possible on account of the physical condition of the individual unit to which applied. It is not to be expected that such depreciable property as wooden flume and conduit construction will last indefinitely on the strength of ordinary maintenance expenditures. Such structures have an ultimate limit to their lives as units, at the expiration of which total replacement is necessary.

The principal property of the defendant, which may be classed as depreciable property, consists of a large open wooden flume known as the Pilot Butte flume, and various other smaller conduits. On account of elapsed life, use and exposure to the elements these structures are gradually becoming less dependable for service. To properly provide for their continuous maintenance in good condition as required by the several contracts with the State, and by the terms of the same providing for the ultimate transfer of control of the irrigation system to the water users association, when such shall be desired, it is necessary and proper that a depreciation reserve fund be established and set aside to provide and guarantee replacement of such depreciable structures when the ultimate limit of their useful life is reached.

An annual allowance of not less than \$3,500.00 should be set aside each year from maintenance fees for such purposes.

After due allowance for both uncollectible maintenance fees and the annual depreciation allowance heretofore found to be reasonable, the net income from the maintenance department during an average year, assuming a continuation of present expense and revenue, may be expected to reach from \$4,000.00 to \$5,000.00. This sum may be considered reasonably representative of results to be encountered in the near future under conditions which may be considered normal and is sufficient margin to cover any additional maintenance expense or emergency repairs which may be found necessary.

The Commission now being possessed of full knowledge of the conditions surrounding this complaint and in view of the findings heretofore set out,

IT IS, THEREFORE, ORDERED that the Central Oregon Irrigation Company before the beginning of the irrigation season for the year 1918 shall install at the point designated for delivery of water to the land of each settler a suitable device for the measurement of all water to be used by the said settlers. Company shall also, prior to the opening of the irrigation season before mentioned, file with this Commission a plan for the systematic distribution of water for irrigation of the lands of the various settlers in turn and by rotation as will best protect and serve the interests of all the users of water from the canal system. This plan for the measurement and distribution of water, before submission to this Commission, shall have been approved by the proper representative of the State as specified in section 4 of the contract executed June 17, 1907, between the State of Oregon and the Deschutes Irrigation and Power Company, which contract has since been assigned to the defendant, Central Oregon Irrigation Company.

That the Central Oregon Irrigation Company, before the opening of said irrigation season and continuously thereafter when water is passing through the canals, ditches, or flumes of the irrigation system, shall make every reasonable effort to maintain the canals, ditches and flumes in good condition, free from excessive leaks and obstruction and in such condition as to allow carrying capacity sufficient for the needs of each settler, limited only by the available water supply.

AND IT IS FURTHER ORDERED that the defendant, Central Oregon Irrigation Company, beginning with the year 1918, shall establish a depreciation reserve and annually charge thereto such an amount as has heretofore been declared reasonable and shall set aside in a reserve fund all moneys available for such purpose from yearly maintenance fees after the deduction of such reasonable operating expenses as may be assignable to the maintenance of the system; and such money, when set aside in a reserve fund, shall be expended only for the purposes intended and according to plans which shall be submitted to the Commission for its approval.

G. P. WHITE, Plaintiff,

v.

OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY,  
Defendant.

No. F-674

(ORDER ENTERED DECEMBER 31, 1917—P. S. C. ORDER NO. 317)

This matter is before the Commission upon the complaint of G. P. White against the Oregon-Washington Railroad & Navigation Company, alleging that the practices and the service afforded by the defendant company are unreasonable and unjust in that it fails and refuses to furnish plaintiff with underground crossings near mile posts 140½ and 145½ on said defendant company's line of railroad in Gilliam County, Oregon.

From a full consideration of the entire record before it the Commission makes the following:

4. That on the south side of said line of railroad in said Gilliam County there is situate a large tract of open range land, consisting of approximately thirty-eight sections, which in the past has been and now is being used by the plaintiff and others for grazing purposes, and that said tract of land and the stock ranging thereon are dependant upon the Columbia River for water, which said river is located on the north and opposite side of said line of railroad.

5. That the facilities now maintained at this location by the defendant to allow such stock to cross its tracks to water consist of three open grade crossings located at Mile Posts 140½, 143½ and 146½, respectively.

6. That by reason of the heavy traffic over the railroad and the character of the crossings now maintained, a large percentage of the stock using said crossings is killed, thus making the use of said grazing land unprofitable, and thereby preventing a full and uninterrupted use thereof by this plaintiff and others; and jeopardizing the lives of the traveling public.

7. That by reason of the foregoing facts the regulations and practices and the service and facilities afforded by the defendant company are inadequate, unreasonable and hazardous.

8. That by the installation of an undergrade cattle pass at a suitable location at or near Mile Post 143½ on said defendant's line the three open grade crossings above mentioned may be eliminated and the hazard caused thereby avoided; that it is entirely practicable to construct and maintain an adequate, safe, suitable and sufficient undergrade cattle pass at the above location; and that the plaintiff herein offers to pay the sum of \$400.00 toward the construction of such crossing.

9. That adequate, reasonable and safe facilities for the defendant to afford in the premises in lieu of the service and facilities hereinbefore found to be unreasonable, inadequate and hazardous would be to install at or near Mile Post 143½ on its above mentioned line of railway an undergrade cattle pass, with a minimum horizontal clearance of seven feet and a minimum lateral clearance of eight feet; said crossing to be constructed substantially and in a good and workmanlike manner.

10. That in view of the offers made by the plaintiff, and the benefit to be derived by him from the construction of such a crossing, the Commission finds that plaintiff should pay the sum of \$400.00 toward the cost of the construction thereof and that the balance of the cost should be borne by the defendant.

11. That in addition to said undergrade crossing the defendant should install and thereafter maintain a gated grade crossing at or near the location prescribed for such undergrade crossing, for the use of such traffic as will not be accommodated by the undergrade crossing herein provided for.

12. That ninety days is a reasonable time within which to comply with the provisions of this order.

#### ORDER

IT IS, THEREFORE, ORDERED that conditioned upon the abandonment of the three open grade crossings above mentioned, and the payment by the plaintiff of the sum of \$400.00 toward the cost of the installation of such undergrade cattle pass, the defendant shall within ninety days from and after the service of a copy of this order upon it, construct and thereafter maintain at a suitable location at or near Mile Post 143½ in Gilliam County, Oregon,



an undergrade cattle pass, with a minimum horizontal clearance of seven feet and a minimum lateral clearance of eight feet; said crossings to be constructed in a good and workmanlike manner.

IT IS FURTHER ORDERED that in addition to such undergrade cattle pass said defendant shall within ninety days from and after the service of copy hereof upon it, install and thereafter maintain a gated grade crossing at a suitable location at or near the location of the undergrade crossing hereby provided for.

## APPENDIX II

### SUMMARY OF ANNUAL REPORTS MADE TO THE COM- MISSION BY CARRIERS AND PUBLIC UTILITIES SUBJECT TO ITS JURISDICTION

**PART I—Railroads and Other Carriers.**

**PART II—Public Utilities.**

## APPENDIX II

## PART I

Part I contains summary of reports by  
 Steam Railroads  
 Electric Railroads.  
 Sleeping Car Companies.  
 Express Companies.

## STEAM RAILROADS

## Astoria Southern Railway Company

Organized May 3, 1910, under laws of the State of Oregon.

*Principal Business Office:* 1233 Northwestern Bank Bldg., Portland, Oregon

*Principal Officers:* President, Watson Eastman; Vice-President, Otto J. Kraemer; Secretary-Treasurer, Louis Woerner.

This is a logging railroad controlled by the Western Cooperaage Company.

## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$306,029.20	\$302,550.00
Material and supplies .....		362.57	1,198.30
<b>Totals .....</b>		<b>\$306,391.77</b>	<b>\$303,748.30</b>
Liabilities to Western Cooperaage Co. ....		\$850,362.57	\$372,117.90
Railway operating revenues .....		9,989.95	46,432.00
Railway operating expenses .....		20,429.23	32,772.50
<b>Net operating revenue .....</b>		<b>\$D10,439.28</b>	<b>\$ 13,659.40</b>
Railway tax accruals .....		\$ 767.42	746.00
Interest paid on funded debt .....			\$ 21,000.00
<b>Loss for the year .....</b>			<b>\$ 8,086.50</b>
Traffic carried during the year:			
Logs, 44,698,800 feet.			
Other freight, 866½ tons.			

## The California &amp; Oregon Coast Railroad Company

Organized December 3, 1913, under laws of the State of Oregon.

*Principal Business Office:* Grants Pass, Oregon.

*Principal Officers:* President, Robert E. Twohy, Portland, Oregon; Vice Presidents, James F. Twohy, Portland, Oregon, and R. B. Miller, Grants Pass, Oregon; Secretary, John D. Twohy, Portland, Oregon; Treasurer, John Hampshire, Grants Pass, Oregon; General Manager, J. D. MacVicar, Grants Pass, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$318,865.56	\$381,713.70
Cash .....		92.15	513.80
Loans and bills receivable .....		552.03	394.70
Traffic and car service balances receivable .....		1,352.92	662.90
Net balance receivable from agents and conductors .....		899.41	656.40
Miscellaneous accounts receivable .....		10,018.24	13,236.20
Material and supplies .....			2,903.70
<b>Grand totals .....</b>		<b>\$331,596.01</b>	<b>\$400,581.50</b>

<i>Liabilities</i>		
Funded debt unmatured .....	\$ 4,100.00	\$ 4,100.00
Loans and bills payable .....	324,291.85	394,907.26
Audited accounts and wages payable .....	2,958.16	1,451.33
Interest matured unpaid .....	246.00	123.00
<b>Grand total—Liabilities .....</b>	<b>\$331,596.01</b>	<b>\$400,581.59</b>
Operating revenues .....	\$ 21,400.73	\$ 23,149.75
Operating expenses .....	17,449.44	17,954.58
<b>Net revenue from railway operations .....</b>	<b>\$ 3,951.29</b>	<b>\$ 5,195.17</b>

This road projected to run from Grants Pass, Oregon, to Crescent City, California. Completed to Waters Creek, Oregon.

### Carlton & Coast Railroad Company

Organized February, 1910, under laws of the State of Oregon.

*Principal Business Office:* Carlton, Yamhill County, Oregon.

*Principal Officers:* President, Charles E. Ladd; Vice-President, W. B. Dennis; Secretary-Treasurer, R. R. Cooper; General Manager, W. B. Dennis.

#### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$468,572.79	\$468,048.78
Cash .....		374.47	109.82
Balance receivable from agents and conductors .....		57.38	211.25
Material and supplies .....		318.93	3,176.43
Rents receivable .....		116.55	
Deferred assets .....		426.41	
Discount on capital stock .....		499,000.00	499,000.00
Other unadjusted debits .....			81.56
<b>Grand totals .....</b>		<b>\$968,866.53</b>	<b>\$970,627.84</b>

	<i>Liabilities</i>	1916	1917
Capital stock .....		\$500,000.00	\$500,000.00
Funded debt unmatured .....		250,000.00	250,000.00
Notes to affiliated companies .....		258,499.73	326,064.48
Open accounts to affiliated companies .....		67,546.75	43,767.14
Audited accounts and wages payable .....		1,832.93	1,869.17
Unmatured interest accrued .....		11,392.85	5,142.89
Accrued depreciation—road .....		31,994.37	34,133.39
Accrued depreciation—equipment .....		14,082.47	15,259.07
Other liabilities and reserves .....		1,591.03	1,616.44
Appropriated surplus not invested .....			83.04
Corporate deficit .....		168,091.60	207,569.64
<b>Grand totals .....</b>		<b>\$968,866.53</b>	<b>\$970,627.84</b>

<i>Income Account:</i>	1916	1917
Railway operating revenues .....	4,284.14	6,592.80
Railway operating expenses .....	19,127.54	12,341.08
Railway tax accruals .....	420.00	743.40
<b>Total operating deficit .....</b>	<b>\$ 15,263.40</b>	<b>\$ 6,491.68</b>
<b>Deductions from gross income:</b>		
Hire of freight cars—debit balance .....	232.70	911.30
Rent for locomotives .....		849.00
Interest on funded debt .....	12,500.04	12,500.04
Interest on unfunded debt .....	15,510.00	19,226.02
<b>Net deficit transferred to profit and loss .....</b>	<b>\$ 43,506.14</b>	<b>\$ 39,478.04</b>
<b>Profit and Loss Account:</b>		
Debit balance at beginning of year .....	\$124,585.46	\$158,091.60
Deficit from income account .....	43,506.14	39,478.04
<b>Total deficit transferred to balance sheet .....</b>	<b>\$168,091.60</b>	<b>\$207,569.64</b>

<i>Tons of Revenue Freight Traffic during year:</i>	1916	1917
Products of agriculture .....	413	99
Products of forests .....	7,449	8,434
Manufactures .....	100	122
Merchandise (C. L. rates) .....	63	185
L. C. L. Goods not included above .....	248	60
<b>Totals .....</b>	<b>8,273</b>	<b>8,900</b>

## Central Pacific Railway Company

Organized July 29, 1899, under laws of the State of Utah.

Merged the following companies under this name: Central California Railway Co., organized under California laws; Chico & Northern Railway Co., organized under California laws; Fernley & Lassen Railway Co., organized under California laws; Goose Lake & Southern Railway Co., organized under California laws; Modoc Northern Railway Co., organized under California laws; Nevada & California Railway Co., organized under California laws; Sacramento Northern Railway Co., organized under California laws; Oregon Eastern Railway Co., organized under Oregon laws.

This company is controlled by the Southern Pacific Company through ownership of its outstanding capital stock.

*Principal Officers:* President, Wm. F. Herrin, 65 Market Street, San Francisco, Cal.; Vice-President, W. R. Scott, 65 Market Street, San Francisco, Cal.; 2nd Vice-President, A. D. McDonald, 165 Broadway, New York, N. Y.; 3rd Vice-President, C. H. Redington, 65 Market Street, San Francisco, Cal.; 4th Vice-President, E. O. McCormick, 65 Market Street, San Francisco, Cal.; Secretary, G. L. King, 65 Market Street, San Francisco, Cal.; Treasurer, A. K. Van Deventer, 165 Broadway, New York, N. Y.; Comptroller, A. D. McDonald, 165 Broadway, New York, N. Y.; Auditor, T. O. Edwards, 65 Market Street, San Francisco, Cal.

### FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$282,554,986.21	\$284,720,621.98
Sinking funds .....		4,585,900.95	4,585,904.01
Miscellaneous physical property .....		22,359.91	47,359.91
Investments in affiliated companies .....		14,000,245.86	14,311,226.15
Other investments .....		1,463,494.12	1,231,743.95
Current assets .....		93,300.44	75,840.07
Unadjusted debits .....			1,121.85

<b>Grand totals .....</b>	<b>\$302,720,287.49</b>	<b>\$304,973,817.92</b>
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<i>Liabilities</i>	1916	1917
Capital stock .....	\$ 84,675,500.00	\$ 84,675,500.00
Funded debt unmatured .....	196,760,722.79	195,234,222.79
Non-negotiable open accounts .....		10,628.92
Interest matured unpaid .....	419,434.59	699,098.46
Unmatured interest accrued .....	2,756,641.49	2,755,555.20
Funded debt matured unpaid .....		497,000.00
Other current liabilities .....	40,402.12	36,482.55
Accrued depreciation—road .....	343,266.75	356,391.54
Accrued depreciation—equipment .....	7,074,882.57	8,744,643.33
Other unadjusted credits .....	71,499.38	14,757.31
Total appropriated surplus .....	5,508,585.35	5,964,247.39
Profit and loss credit balance .....	5,080,745.13	6,001,610.08

<b>Grand totals .....</b>	<b>\$302,720,287.49</b>	<b>\$304,973,817.92</b>
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#### *Income Account:*

(Leased to Southern Pacific Company.)

Income from lease of road .....	\$ 21,893,966.00	\$ 14,639,667.33
Miscellaneous non-operating physical property .....	69,362.62	89,140.27
Income from funded securities .....	244,771.01	448,890.55
Income from unfunded securities and accounts .....	7,112.90	6,089.91
Income from sinking and other reserve funds .....	259,809.00	259,846.59
Miscellaneous income .....	132,907.00	92,308.36

<b>Gross income .....</b>	<b>\$ 22,607,928.53</b>	<b>\$ 15,535,943.01</b>
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#### *Deductions from Gross Income:*

Miscellaneous tax accruals .....	\$ 295,377.50	\$ 306,671.13
Interest on funded debt .....	8,419,787.64	8,407,288.21
Maintenance of investment organization .....	22,020.36	18,344.87
Miscellaneous income charges .....	92,778.94	116,114.27

<b>Total deductions .....</b>	<b>\$ 8,829,964.44</b>	<b>\$ 8,848,418.48</b>
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Net income .....	\$ 13,777,964.09	\$ 6,687,524.53
Income applied to sinking and other reserve funds .....	58,502.97	56,003.06

Income balance transferred to profit and loss .....	\$ 13,719,461.12	\$ 6,631,521.47
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**Profit and Loss Account:**

Credit balance at beginning of year .....	\$ .....	\$ 5,080,745.13
Credit balance transferred from income .....	13,719,461.12	6,631,521.47
Other credits .....	927,087.66	555,973.45
<b>Total credits .....</b>	<b>\$ 14,646,548.78</b>	<b>\$ 12,268,240.05</b>
Debit balance at beginning of year .....	\$ 6,569,862.37	\$ .....
Surplus applied to sinking and other reserve funds .....	540,591.14	388,211.66
Dividend appropriations of surplus .....	1,703,132.50	5,080,530.00
Other debits .....	750,217.64	797,888.31
Credit balance carried to balance sheet .....	5,080,745.13	6,001,610.08
<b>Total debits .....</b>	<b>\$ 14,646,548.78</b>	<b>\$ 12,268,240.05</b>

Traffic statistics reported by Southern Pacific Company.

## Central Railroad of Oregon

Organized January 22, 1909, under laws of the State of Maine.

*Principal Business Office:* Union, Oregon.

*Principal Officers:* President, Edwin Wilcock, Boston, Mass.; Vice-President, R. H. England, Rochester, N. Y.; Secretary, Chas. E. Graham, New Haven, Conn.; Treasurer, Chas. E. Graham, New Haven, Conn.; Comptroller, Edw. Evenson, Union, Oregon; General Superintendent, Edw. Evenson, Union, Oregon.

### \* FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$230,722.81	\$230,722.81
Cash .....		1,966.05	1,529.53
Net balance receivable from agents and conductors.....		596.57	79.50
Miscellaneous accounts receivable .....		392.33	385.07
Other deferred assets .....		1,033.65	1,033.65
<b>Grand total assets .....</b>		<b>\$234,711.41</b>	<b>\$233,750.56</b>

	<i>Liabilities</i>	1916	1917
Receiver's certificates .....		\$225,336.82	\$225,336.82
Audited accounts and wages payable .....		1,350.88	801.77
Miscellaneous accounts payable .....			768.41
Profit and loss credit balance .....		8,023.71	

<i>Income Accounts:</i>	1916	1917
Operating revenues .....	\$ 17,670.36	\$ 9,118.67
Operating expenses .....	14,750.39	D 10,298.82

Net revenue from railway operations.....\$ 2,919.97      \$D 1,180.15

Railway tax accruals .....	\$ 989.98	\$ 886.09
Gross income or deficit .....	1,929.99	D 2,066.24

**Deductions from gross income:**

Hire of freight cars .....	197.42	
Transferred to profit and loss account.....	\$ 1,932.57	\$ D 2,066.24

**Profit and Loss Account:**

Credit balance at beginning of year .....	\$ 6,291.14	\$ 8,023.71
Credit or debit balance from income .....	1,732.57	D 2,066.24
Credit balance to balance sheet .....	\$ 8,023.71	\$ 5,957.47

**Tons of Revenue Freight Traffic during Year:**

Products of agriculture .....	10,929	3,124
Products of animals .....	466	191
Products of mines .....	365	466
Products of forests .....	1,310	1,496
Manufactures .....	157	152
Merchandise (C. L. lots) .....	1,560	1,412
L. C. L. goods not included above .....	62	
<b>Totals .....</b>	<b>14,849</b>	<b>6,835</b>

\* Incomplete report.

### Clatskanie & Nehalem Railroad

(Operated under lease by Benson Timber Company)

Organized June 5, 1911, under laws of the State of Oregon.

*Principal Business Office:* Clatskanie, Oregon.

*Principal Officers:* President, Frank Lynch, San Diego, Cal.; Vice-President, M. G. Evenson, Clatskanie, Oregon; Secretary-Treasurer and General Manager, O. J. Evenson, Clatskanie, Oregon.

This is a logging railroad operating approximately 7 1/2 miles of track.  
Operating statistics not reported.

### Columbia & Nehalem River Railroad

Organized February 24, 1913, under the laws of the State of Oregon.

*Principal Business Office:* Kerry, Oregon.

*Principal Officers:* President, A. S. Kerry, Kerry, Oregon; Secretary, J. C. Veazle, Portland, Oregon; Treasurer, A. S. Kerry, Kerry, Oregon; Auditor, C. E. Mallory, Kerry, Oregon.

This is a logging railroad, controlled by the Kerry Timber Company.

#### \* FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$1,356,348.14	\$1,345,428.79
Securities with affiliated companies .....		1,000,000.00	1,125,000.00
Cash .....		1,604.94	16,818.11
Miscellaneous accounts receivable .....		2,396.06	9,693.87
Discount on funded debt .....		74,216.68	56,509.97
	<i>Liabilities</i>		
Capital stock .....		\$1,000,000.00	\$1,000,000.00
Funded debt unmaturred .....		875,000.00	1,000,000.00
Open accounts .....		437,517.36	452,975.63
Loans and bills payable .....		61,398.48	6,282.67
Miscellaneous accounts payable .....		8,672.76	1,022.18
Other unadjusted credits .....		102,330.49	163,196.91
Profit and loss credit balance .....		11,190.29	71,289.50
<i>Income Accounts:</i>			
Railway operating revenues .....		\$ 163,721.09	\$ 289,840.61
Railway operating expenses .....		112,525.22	154,112.12
Net revenue from railway operations .....		\$ 51,195.87	\$ 144,728.49
Railway tax accruals .....		\$ 828.78	\$ 9,648.37
Uncollectible railway revenues .....		35.00	
Railway operating income .....		\$ 50,366.74	\$ 135,080.12
Non-operating income .....		581.04	2,501.58
Gross income .....		\$ 50,947.78	\$ 137,581.70
<i>Deductions from Gross Income:</i>			
Interest on funded debt .....		\$ 30,729.20	\$ 51,164.51
Interest on unfunded debt .....		9,184.58	8,295.71
Amortization of discount on funded debt .....			17,706.71
Other deductions .....			315.54
Total deductions from gross income .....		\$ 39,913.78	\$ 77,482.47
Net income to profit and loss .....		\$ 11,034.00	\$ 60,099.23
<i>Profit and Loss Account:</i>			
Credit balance at beginning of year .....		\$ 156.27	\$ 11,190.27
Credit balance transferred from income .....		11,034.00	60,099.23
Credit balance carried to balance sheet .....		\$ 11,190.27	\$ 71,289.50
Freight traffic during year:			
Logs (log measure) .....		83,867,773 ft.	150,882,333 ft.
Other freight .....		4,871 tons	7,745 tons

\* Incomplete report.

## Great Northern Railway Company

Organized March 1, 1856, under laws of the State of Minnesota, as "Minneapolis & St. Cloud Railroad Company." Name changed to present September 16, 1889.

*Principal Business Office:* St. Paul, Minnesota.

*Principal Officers:* Chairman of the Board and President, Louis W. Hill, St. Paul, Minn.; Vice-Presidents—E. T. Nichols, 32 Nassau St., New York; W. P. Kenney, St. Paul, Minn.; J. M. Gruber, St. Paul, Minn.; G. R. Martin, St. Paul, Minn.; E. C. Lindley, St. Paul, Minn.; Secretary-Treasurer, L. E. Katzenbach, St. Paul, Minn.; General Manager, J. M. Gruber, St. Paul, Minn.; Comptroller, G. R. Martin, St. Paul, Minn.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....	\$394,214,343.00	\$401,790,918.52	
Other improvements, funds and deposits .....	29,867.60	41,199.74	
Miscellaneous physical property .....	5,210,289.32	5,490,759.14	
Investments in affiliated companies .....	218,894,313.43	229,275,709.70	
Other investments .....	5,353,101.49	8,445,880.60	
Cash, demand loans and deposits .....	16,445,189.40	20,948,821.59	
Time drafts and deposits .....		7,275,000.00	
Loans and bills receivable .....	19,505.03	3,554,522.97	
Traffic and car service balances receivable .....	541,612.85	1,166,411.41	
Net balances receivable from agents & conductors .....	3,957,030.89	4,939,315.92	
Miscellaneous accounts receivable .....	3,617,504.70	6,235,723.74	
Material and supplies .....	7,577,647.38	12,026,870.83	
Interest and dividends receivable .....		24,500.00	
Other current assets .....	179,590.23	688,745.39	
Deferred assets .....	3,073,414.04	6,879,747.73	
Unadjusted debits .....	2,252,324.72	3,258,688.69	
<b>Grand totals .....</b>	<b>\$661,365,734.08</b>	<b>\$712,142,815.97</b>	
	<i>Liabilities</i>		
Capital stock .....	\$249,475,810.00	\$249,477,138.00	
Premium on capital stock .....	81,188.44	81,268.44	
Government grant in aid of construction .....	52,157.89	69,495.47	
Funded debt unmatured .....	250,849,015.16	270,754,015.16	
Open accounts, debts, to affiliated companies .....	324,270.24	290,224.10	
Traffic and car service balances payable .....	445,910.92	1,183,293.53	
Audited accounts and wages payable .....	5,347,503.90	6,502,093.82	
Miscellaneous accounts payable .....	3,343,565.88	11,842,711.95	
Interest matured unpaid .....	2,899,411.62	2,961,549.07	
Dividends matured unpaid .....		22,148.51	
Funded debt matured unpaid .....	1,200.00	1,200.00	
Unmatured interest accrued .....	146,004.16	479,337.49	
Other current liabilities .....	272,869.64	861,111.81	
Deferred liabilities .....	2,656,439.90	6,504,735.78	
Tax liability .....	3,171,536.03	4,400,524.56	
Insurance and casualty reserves .....	1,658,073.63	1,673,060.00	
Accrued depreciation .....	28,619,834.43	29,631,726.36	
Other unadjusted credits .....	5,509,390.92	8,438,184.11	
Total appropriated surplus .....	29,607,721.85	41,629,614.67	
Profit and loss credit balance .....	76,903,829.47	75,339,382.54	
<b>Grand totals .....</b>	<b>\$661,365,734.08</b>	<b>\$712,142,815.97</b>	
<i>Income Accounts:</i>			
Railway operating revenues .....	\$ 83,152,016.73	\$ 88,534,163.20	
Railway operating expenses .....	48,515,290.79	59,243,785.46	
<b>Net revenue from railway operations .....</b>	<b>\$ 34,636,725.94</b>	<b>\$ 29,290,377.74</b>	
Railway tax accruals .....	5,463,996.09	6,297,188.85	
Uncollectible railway revenues .....	5,957.40	5,643.16	
<b>Railway operating income .....</b>	<b>\$ 29,166,772.45</b>	<b>\$ 22,987,545.73</b>	
<b>Non-operating income .....</b>	<b>\$ 7,395,791.74</b>	<b>\$ 12,786,785.80</b>	
<b>Gross income .....</b>	<b>\$ 36,562,564.19</b>	<b>\$ 35,774,331.53</b>	
<b>Deductions from gross income .....</b>	<b>12,272,519.04</b>	<b>12,752,579.87</b>	
<b>Net income .....</b>	<b>\$ 24,290,045.15</b>	<b>\$ 23,021,751.66</b>	



Income applied to sinkings and other reserve funds .....	\$ 1,010,447.92	\$ 60,474.50
Dividend appropriations of income .....	17,462,434.50	17,462,959.50
Miscellaneous other appropriations .....	6,857,196.91	5,385,635.00
Income balance transferred to profit and loss.....	D 1,040,434.18	112,682.66
<i>Profit and Loss Account:</i>		
Credit balance at beginning of year .....	\$ 78,684,504.87	\$ 76,903,829.47
Credit balance transferred from income .....		112,682.66
Other credit .....	266,502.63	245,194.72
Totals .....	\$ 78,941,007.50	\$ 77,261,706.85
Debit balance transferred from income .....	\$ 1,040,034.18	\$ .....
Loss on retired road and equipment .....	140,536.68	419,677.76
Other debits .....	866,807.17	1,502,646.55
Credit balance carried to balance sheet .....	76,903,829.47	75,339,382.54
Totals .....	\$ 78,951,007.50	\$ 77,261,706.85
Tons of revenue freight traffic during year:		
Products of agriculture .....	4,676,120	4,706,525
Products of animals .....	452,925	568,094
Products of mines .....	17,402,380	18,294,417
Products of forests .....	2,793,674	3,211,320
Manufactures .....	1,015,230	2,558,117
Miscellaneous other commodities (C. L. lots).....	200,696	342,622
L. C. L. Goods not included above .....	717,207	969,719
Totals .....	27,258,232	30,650,814
Tons of revenue freight originating in Oregon:		
Products of agriculture .....	483	3,070
Products of animals .....	1,441	1,833
Products of mines .....	621	41
Products of forests .....	2,640	2,000
Manufactures .....	4,453	9,248
C. L. Commodities not listed above .....	524	2,332
L. C. L. Commodities not listed above .....	7,898	7,508
Totals .....	18,060	26,032

## Great Southern Railway Company

Organized March 3, 1904, under the laws of the State of Washington.

*Principal Business Office:* 1005 E. Second Street, The Dalles, Oregon.

*Principal Officers:* President, .....; Vice President, J. L. Meier, Portland, Oregon; Secretary, Geo. W. Joseph, Portland, Oregon; Treasurer, J. G. Helmrich, The Dalles, Oregon; Comptroller, A. Froembling, The Dalles, Oregon; General Manager, J. G. Helmrich, The Dalles, Oregon.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$713,258.13	\$714,517.53
Net balance receivable from agents and conductors.....		316.43	471.87
Miscellaneous accounts receivable.....		6,165.87	8,415.70
Material and supplies.....		8,341.24	8,339.74
Discount on funded debt.....		27,371.57	25,090.61
Other unadjusted debits.....		143.99	40.85
Totals .....		\$755,597.23	\$756,876.30
	<i>Liabilities</i>		
Capital stock.....		\$100,000.00	\$100,000.00
Funded debt unmaturred.....		590,000.00	590,000.00
Loans and bills payable.....		39,275.00	39,275.00
Interest matured unpaid.....		44,250.00	44,250.00
Other current liabilities.....		1,280.56	373.69
Deferred liabilities.....		1,304.74	1,304.79
Accrued depreciation.....		12,758.76	14,470.08
Other unadjusted credits.....		31.28	.....
Profit and loss debit balance.....		33,031.11	32,797.26
Totals .....		\$755,597.23	\$756,876.30

*Income Account:*

Railway operating revenues .....	\$ 49,720.58	\$ 69,368.67
Railway operating expenses .....	28,193.43	33,021.84
Net revenue from railway operations .....	\$ 21,527.15	\$ 36,346.83
Railway tax accruals .....	4,202.00	4,033.25
Total operating income .....	\$ 17,325.15	\$ 32,313.58
Nonoperating income .....	215.60	321.56
Gross income .....	\$ 17,540.75	\$ 32,635.14

*Deductions from gross income:*

Interest on funded debt .....	29,500.00	29,500.00
Other deductions .....	2,540.80	2,629.29
Income balance transferred to profit and loss .....	\$14,500.05	\$ 505.85

*Profit and Loss Account:*

Debit balance at beginning of year .....	\$ 18,803.06	\$ 33,303.11
Debit balance transferred from income .....	14,500.05	.....
Credit balance transferred from income .....	.....	505.85
Debit balance carried to balance sheet .....	\$ 33,303.11	\$ 32,797.26

*Tons of Revenue Freight Carried During Year:*

Products of agriculture .....	22,772	29,450
Products of animals .....	345	347
Products of mines .....	60	1,118
Products of forests .....	4,767	5,277
Manufactures .....	458	995
L. C. L. goods not included above .....	485	1,304
Totals .....	30,415	38,491

## Independence &amp; Monmouth Railway Company

Organized March 23, 1889, under the laws of the State of Oregon.

*Principal Business Office:* Independence, Oregon.

*Principal Officers:* President, H. Hirschberg, Independence, Oregon; Vice President, D. W. Sears, Portland, Oregon; Secretary, D. W. Sears, Portland, Oregon; Treasurer, H. Hirschberg, Independence, Oregon; Auditor, L. Wanless, Independence, Oregon; General Manager, H. Hirschberg, Independence, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment .....		\$ 31,566.47	\$ 31,566.47
Other investments .....		250.00	250.00
Cash .....		380.98	.....
Traffic and car services balances receivable .....		.20	243.20
Net balance receivable from agents and conductors .....		15.00	15.00
Miscellaneous accounts receivable .....		1,458.94	320.89
Material and supplies .....		.....	40.93
Totals .....		\$ 33,669.59	\$ 32,436.49
	<i>Liabilities</i>		
Capital stock .....		\$ 25,000.00	\$ 25,000.00
Loans and bills payable .....		2,950.00	4,450.00
Audited accounts and wages payable .....		483.03	324.51
Miscellaneous accounts payable .....		706.06	.....
Unmatured interest accrued .....		.....	14.60
Other current liabilities .....		.....	135.97
Accrued depreciation, equipment .....		306.20	429.08
Corporate surplus .....		4,224.30	2,082.33
Totals .....		\$ 33,669.59	\$ 32,436.49

<b>Income Statement:</b>		
Railway operating revenues.....	\$ 3,958.91	\$ 5,985.45
Railway operating expenses.....	4,765.62	7,487.32
Deficit from railway operations.....	\$ 806.71	\$ 1,501.87
Railway tax accruals.....	171.41	348.70
Total operating deficit.....	978.12	1,850.57
Interest on unfunded debt.....		291.40
Deficit transferred to profit and loss .....	\$ 978.12	\$ 2,141.97
<b>Profit and Loss Account:</b>		
Credit balance at beginning of year.....	\$ 5,202.42	\$ 4,224.30
Debit balance transferred from income.....	978.12	2,141.97
Credit balance carried to balance sheet.....	\$ 4,224.30	\$ 2,082.33
(This railroad handles passenger traffic alone.)		

## Mount Hood Railroad Company

Organized February 23, 1905, under the laws of the State of Utah.

**Principal Business Office:** Hood River, Oregon.

**Principal Officers:** President, L. R. Eccles, Ogden, Utah; Vice President, Chas. T. Early, Portland, Oregon; Acting Secretary, R. B. Early, Portland, Oregon; General Manager, Chas. T. Early, Portland, Oregon.

### FINANCIAL AND GENERAL STATISTICS

<b>Balance Sheet:</b>	<b>Assets</b>	<b>1916</b>	<b>1917</b>
Investment in road and equipment.....	\$396,646.26	\$403,604.83	
Improvements on leased railway property.....	3,874.60	4,215.11	
Other investments.....	275.00	275.00	
Cash .....	2,020.77	5,165.01	
Net balance receivable from agents and conductors.....	94.38	1,880.63	
Miscellaneous accounts receivable.....	104,184.82	83,964.40	
Material and supplies.....	431.52	759.03	
Discount on capital stock.....	122,499.92	110,249.96	
Discount on funded debt.....	65,618.12	59,618.12	
Other unadjusted debits.....	380.34	355.33	
Totals .....	\$696,025.73	\$670,087.42	
	<b>Liabilities</b>		
Capital stock.....	\$250,000.00	\$250,000.00	
Funded debt unmatured.....	500,000.00	500,000.00	
Traffic and car service balances payable.....	410.98	327.86	
Audited accounts and wages payable.....	1,042.48	3,473.03	
Accrued depreciation, road.....	23,747.91	27,470.77	
Accrued depreciation, equipment.....	7,715.63	9,285.02	
Other unadjusted credits.....	7.94	9.74	
Additions to property through income and surplus.....	38,154.50	45,578.17	
Profit and loss debit balance.....	125,053.71	166,057.17	
Totals .....	\$696,025.73	\$670,087.42	
<b>Income Statement:</b>			
Railway operating revenues.....	\$ 82,664.41	\$ 83,524.07	
Railway operating expenses.....	55,894.56	64,039.29	
Net revenue from railway operations.....	\$ 26,769.85	\$ 19,484.78	
Railway tax accruals.....	4,187.88	3,922.63	
Gross income .....	\$ 22,581.97	\$ 15,562.15	
<b>Deductions from Gross Income:</b>			
Interest on funded debt.....	\$ 30,000.00	\$ 30,000.00	
Amortization of discount on funded debt.....	6,569.50	6,000.00	
Other deductions .....	465.00	891.98	
Net deficit .....	\$ 14,452.53	\$ 21,329.83	

*Appropriations from Income:*

Investment in physical property.....	\$ 6,774.67	\$ 7,423.67
Stock discount extinguished.....	12,249.96	12,249.96
Deficit transferred to profit and loss.....	\$ 33,477.16	\$ 41,003.46

*Profit and Loss Account:*

Debit balance at beginning of year.....	\$121,853.62	\$125,053.71
Miscellaneous credits.....	30,227.07	
Debit balance from income account.....	33,477.16	41,003.46
Debit balance carried to balance sheet .....	\$125,053.71	\$166,057.17

*Tons of Revenue Freight Traffic During Year:*

Products of agriculture.....	17,180	20,358
Products of animals.....	420	158
Products of mines.....	181	
Products of forests.....	57,571	44,456
Merchandise not included above.....	3,192	3,242
Totals .....	78,544	68,214

## Nevada-California-Oregon Railway

Organized March 31, 1888, under the laws of the State of Nevada.

Principal Business Office: Reno, Nevada.

Principal Officers: President, Chas. Moran, 68 William St., New York City;  
Vice President, Chas. Hamilton, Waco, Texas; Secretary and Auditor, S. H. Mc-  
Cartney, Alturas, California; Treasurer, R. M. Cox, Reno, Nevada; General Man-  
ager, R. M. Cox, Reno, Nevada.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 4,250,472.65	\$ 3,198,616.23
Other investments.....		32,757.73	39,174.78
Cash .....		42,208.98	35,689.87
Special deposits.....			43,350.00
Loans and bills receivable.....			500.00
Traffic and car service balances receivable.....		4,808.56	7,546.45
Net balance receivable from agents and conductors.....		2,765.28	6,001.59
Miscellaneous accounts receivable.....		11,732.04	31,353.40
Material and supplies.....		45,632.22	42,069.73
Interest and dividends receivable.....		176.80	475.75
Deferred assets.....		1,286.71	1,286.71
Unadjusted debits.....		6,020.13	6,708.40
Grand totals .....		\$ 4,397,861.10	\$ 3,412,772.91

	<i>Liabilities</i>		
Capital stock.....		\$ 2,200,000.00	\$ 2,200,000.00
Funded debt unmaturred.....		1,312,000.00	853,000.00
Traffic and car service balances receivable.....		14,650.53	14,250.01
Audited accounts and wages payable.....		29,876.78	47,128.57
Miscellaneous accounts payable.....		9,513.98	12,216.98
Interest matured unpaid.....		650.00	185.00
Unmatured interest accrued.....		10,933.33	8,525.00
Deferred liabilities.....		48.00	1,903.70
Accrued depreciation, road.....		109,079.87	72,647.10
Accrued depreciation, equipment.....		109,305.80	116,886.43
Other unadjusted credits.....		6,968.48	870.96
Additions to property through income and surplus.....		418,189.14	418,189.14
Funded debt retired through income and surplus.....		98,870.00	98,870.00
Sinking fund reserves.....		13,760.29	
Profit and loss credit balance .....		64,014.90	D 431,899.98
Grand totals .....		\$ 4,397,861.10	\$ 3,412,772.91

**Income Account:**

Railway operating revenues.....	\$ 391,725.86	\$ 383,873.4
Railway operating expenses.....	323,349.92	346,290.2
Net revenue from railway operations.....	\$ 68,375.94	\$ 37,583.2
Railway tax accruals .....	\$ 23,373.24	\$ 24,640.1
Uncollectible railway revenues .....	93.62	84.5
Total operating income.....	\$ 44,909.08	\$ 12,858.5
Non-operating income.....	4,171.03	4,642.7
Gross income.....	\$ 49,080.11	\$ 17,501.2

**Deductions from Gross Income:**

Interest on funded debt .....	\$ 64,008.76	\$ 59,439.9
Other deductions.....	8,280.00	3,260.9
Deficit balance transferred to profit and loss....	\$ 23,208.65	\$ 45,208.6

**Profit and Loss Account:**

Credit balance at beginning of year.....	\$ 82,597.63	\$ 64,014.9
Miscellaneous credits.....	29,080.83	30,302.6
Debit balance transferred from income.....	23,208.65	45,208.6
Debit discount extinguished through surplus.....	7,300.00	8,063.5
Loss on retired road and equipment.....	3,763.34	470,838.6
Miscellaneous debits.....	13,391.57	2,106.6
Balance carried to balance sheet.....	64,014.90	D 431,899.9

**Tons of Revenue Freight Carried During the Year:**

Products of agriculture.....	4,039	7,100
Products of animals.....	25,879	26,800
Products of mines.....	3,300	3,592
Products of forests.....	28,132	30,551
Manufactures .....	3,414	4,300
Carload commodities not listed above.....	1,352	2,164
L. C. L. goods not included above.....	9,341	8,881
Totals .....	70,467	83,388

**Tons of Freight Traffic Originating in Oregon:**

Products of agriculture.....	213	634
Products of animals.....	3,933	5,746
Products of mines.....	25	
Products of forests.....		14
Manufactures .....	146	
Carload commodities not listed above.....		
L. C. L. goods not listed above.....	205	2,379
Totals .....	4,522	8,773

## Northern Pacific Railway Company

Organized March 15, 1870, under the laws of the State of Wisconsin, under name of "Superior & St. Croix Railroad Company."

**Principal Business Office:** St. Paul, Minnesota.

**Principal Officers:** President, J. M. Hannaford, St. Paul, Minnesota; First Vice President, Geo. T. Slade, St. Paul, Minnesota; Second Vice President, J. G. Woodworth, St. Paul, Minnesota; Third Vice President, Geo. H. Earl, 34 Nassau St., New York; Secretary, Edward A. Gay, 34 Nassau St., New York; Treasurer, Chas. A. Clark, St. Paul, Minnesota; Comptroller, Henry A. Gra. St. Paul, Minnesota; General Managers, J. M. Rapelje, St. Paul, Minnesota; E. C. Blanchard, Tacoma, Washington.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>		<i>Assets</i>	1916	1917
Investment in road and equipment.....			\$ 489,450,934.44	\$ 490,523,883.37
Sinking funds.....			14,942.52	4,595.04
Deposits in lieu of mortgaged property sold.....			6,156,090.99	9,827,017.09
Miscellaneous physical property.....			2,718,075.85	520,468.44
Investments in affiliated companies.....			173,254,561.93	172,431,872.78
Other investments.....			25,001.00	11,125,765.20
Cash.....			15,381,971.02	5,586,697.31
Cash for retirement of bonds.....			7,863,249.88	7,904,102.69
Special deposits.....			1,985,949.27	2,220,559.27
Loans and bills receivable.....			55,445.62	27,666.01
Traffic and car service balances receivable.....			1,642,609.82	1,879,763.28
Net balance receivable from agents and conductors.....			770,951.31	811,049.40
Miscellaneous accounts receivable.....			3,559,639.73	4,992,678.26
Material and supplies.....			7,399,905.83	10,678,318.58
Interest and dividends receivable.....			89,947.54	206,167.54
Rents receivable.....			20,275.59	7,590.51
Deferred assets.....			5,837,633.06	5,847,263.56
Other unadjusted debits.....			356,806.39	484,710.08
<b>Grand totals</b> .....			<b>\$ 716,664,051.79</b>	<b>\$ 725,079,969.41</b>
		<i>Liabilities</i>		
Capital stock.....			\$ 248,000,000.00	\$ 248,000,000.00
Funded debt unmatured.....			313,564,500.00	311,087,500.00
Traffic and car service balances payable.....			956,133.78	1,441,682.54
Audited accounts and wages payable.....			8,404,533.82	7,694,394.54
Miscellaneous accounts payable.....			78,518.71	1,245,262.70
Interest matured unpaid.....			2,008,802.50	2,263,142.50
Dividends matured unpaid.....			1,854.50	1,854.50
Funded debt matured unpaid.....			7,000.00	23,000.00
Unmatured dividends declared.....			4,340,000.00	4,340,000.00
Unmatured interest accrued.....			497,622.50	469,657.50
Unmatured rents accrued.....			12,023.86	12,323.91
Deferred liabilities.....			179,811.98	222,406.19
Tax liability.....			3,976,777.35	5,272,863.87
Insurance and casualty reserves.....			5,803,205.98	5,803,205.98
Operating reserves.....			618,029.02	473,283.97
Accrued depreciation, equipment.....			15,034,248.78	16,283,434.53
Other unadjusted credits.....			14,477,790.22	9,718,249.54
Total corporate surplus.....			98,603,198.79	110,727,127.14
<b>Grand totals</b> .....			<b>\$ 716,664,051.79</b>	<b>\$ 725,079,969.41</b>
<i>Income Account:</i>				
Railway operating revenues.....			\$ 80,281,343.30	\$ 88,225,726.21
Railway operating expenses.....			43,232,278.48	53,297,861.21
<b>Net revenue from railway operations.....</b>			<b>\$ 37,049,064.82</b>	<b>\$ 34,927,865.00</b>
Railway tax accruals.....			5,505,124.09	6,910,728.19
Uncollectible railway revenues.....			11,759.36	9,137.59
<b>Railway operating income.....</b>			<b>\$ 31,532,181.87</b>	<b>\$ 28,007,999.22</b>
Income from rented equipment.....			532,839.47	1,237,240.91
Joint facility rent income.....			2,063,318.16	1,996,895.65
Dividend income.....			4,345,162.00	9,730,787.00
Income from other securities and reserve funds.....			1,057,239.79	1,141,700.59
Other income.....			673,557.19	675,878.69
<b>Gross income</b> .....			<b>\$40,204,287.98</b>	<b>\$42,790,502.06</b>
<i>Deductions from Gross Income:</i>				
Rent for equipment.....			\$ 119,171.81	\$ 153,399.06
Joint facility rents.....			563,155.56	597,596.77
Interest on funded debt.....			12,288,895.50	12,253,145.63
Interest on unfunded debt.....			32,011.89	21,236.58
Other income charges.....			253,042.35	262,438.43
<b>Total deductions from gross income.....</b>			<b>\$ 13,256,277.11</b>	<b>\$ 13,287,816.47</b>
<b>Total net income</b> .....			<b>\$ 26,948,010.87</b>	<b>\$ 29,502,685.59</b>
Dividend appropriation of income.....			17,360,000.00	17,360,000.00
<b>Income balance transferred to profit and loss.....</b>			<b>\$ 9,588,010.87</b>	<b>\$ 12,142,685.59</b>

**Profit and Loss Account:**

Credit balance at beginning of year.....	\$ 89,092,575.80	\$ 98,252,663.
Credit balance transferred from income.....	9,588,010.87	12,142,685.
Profit on road and equipment sold.....	95,787.64	128,549.
Unrefundable overcharges.....	7,415.77	16,513.
Miscellaneous credits.....	59,951.02	93,264.
<b>Total credits .....</b>	<b>\$ 98,843,741.10</b>	<b>\$ 110,633,675.</b>
Loss on road and equipment sold.....	\$ 277,373.60	\$ 216,635.
Miscellaneous debits.....	313,703.90	32,022.
Credit balance carried to balance sheet.....	98,252,663.60	110,385,017.
<b>Total debits .....</b>	<b>\$ 98,843,741.10</b>	<b>\$ 110,633,675.</b>

**Tons of Revenue Freight Carried During Year:**

Products of agriculture.....	4,687,027	4,128,537
Products of animals.....	474,491	533,610
Products of mines.....	6,782,627	7,606,976
Products of forests.....	6,672,025	6,751,004
Manufactures.....	1,955,509	2,415,451
Carload commodities not listed above.....	398,107	453,248
L. C. L. commodities not listed above.....	924,194	953,325
<b>Totals .....</b>	<b>21,893,980</b>	<b>22,842,157</b>

**Tons of Revenue Freight Originating in Oregon:**

Products of agriculture.....	90,110	76,525
Products of animals.....	8,650	8,762
Products of mines.....	2,024	1,870
Products of forests.....	3,612	8,779
Manufactures.....	9,224	15,909
Carload commodities not listed above.....	4,871	8,849
L. C. L. commodities not listed above.....	22,363	21,396
<b>Totals .....</b>	<b>140,854</b>	<b>142,070</b>

## Northern Pacific Terminal Company

Organized August 28, 1882, under the laws of the State of Oregon.

*Principal Business Office:* Union Station, Portland, Oregon.

*Principal Officers:* President, J. P. O'Brien, Portland, Oregon; Vice President, Geo. T. Reed, Tacoma, Washington; Secretary, Ben. C. Dey, Portland, Oregon; Treasurer, E. L. Brown, Portland, Oregon; Comptroller, E. L. Brown, Portland, Oregon.

This company is controlled jointly by the Oregon-Washington Railroad Navigation Company, the Southern Pacific Company and Northern Pacific Railway Company as stockholders. Central Trust Company of New York acts trustee for the bondholders and stockholders.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....	\$	2,246,473.40	\$ 2,239,781.
Improvements on leased railway property.....		715.15	1,033.
Sinking funds.....		71,437.70	77,998.
Investment in affiliated companies .....		1,660,000.00	1,660,000.
Cash .....		36,293.03	42,070.
Special deposits.....		89,100.00	87,459.
Net balances receivable from agents and conductors .....		130.05	80.
Miscellaneous accounts receivable.....		63,904.37	75,604.
Material and supplies.....		37,607.18	37,379.
Rents receivable.....		104,654.56	111,094.
Deferred assets.....			6,263.
Unadjusted debts.....		475,033.75	475,873.
<b>Grand totals.....</b>	<b>\$</b>	<b>4,786,149.59</b>	<b>\$ 4,814,639.</b>

<i>Liabilities</i>		
Funded debt unmatured.....	\$ 2,916,000.00	\$ 2,808,000.00
Non-negotiable debts to affiliated companies....	1,598,732.14	1,721,391.79
Audited accounts and wages payable.....	159,829.09	181,480.74
Miscellaneous accounts payable.....	10,766.30	11,087.69
Interest matured unpaid.....	89,100.00	87,540.00
Funded debt matured unpaid.....	11,000.00	14,000.00
Accrued depreciation, equipment.....	39,313.84	40,078.24
Other unadjusted credits.....	46,000.00	46,000.00
Total corporate deficit.....	84,691.78	94,838.95
<b>Grand totals.....</b>	<b>\$ 4,876,149.59</b>	<b>\$ 4,814,639.51</b>
<i>Income Account:</i>		
† Railway operating revenues .....	\$ 52,265.41	\$ 62,813.37
† Railway operating expenses .....	276,820.01	321,503.20
<b>Railway tax accruals.....</b>	<b>124,065.14</b>	<b>111,004.69</b>
<i>Non-operating Income:</i>		
Joint facility rents .....	\$ 228,135.19	\$ 204,131.40
Income from funded securities.....	83,600.00	83,600.00
Other income.....	5,716.06	6,913.46
<b>.....</b>	<b>\$ 312,566.11</b>	<b>\$ 294,644.86</b>
<b>Gross income .....</b>	<b>\$ 188,500.97</b>	<b>\$ 183,640.17</b>
<i>Deductions from Gross Income:</i>		
Rent of equipment.....	\$ 216.39	\$ 1,776.91
Joint facility rents.....	2,967.92	800.57
Miscellaneous rents.....	8,796.67	10,932.69
Interest on funded debt.....	116,520.00	170,130.00
<b>Total deductions.....</b>	<b>\$ 188,500.97</b>	<b>\$ 183,640.17</b>
No net income to be derived.		
<i>Profit and Loss Account:</i>		
Debit balance at beginning of year.....	\$ 74,746.97	\$ 84,691.78
Miscellaneous debits.....	10,233.50	11,098.86
<b>Total debits .....</b>	<b>\$ 84,980.47</b>	<b>\$ 95,790.64</b>
Donation under spur track agreement.....	\$ 288.69	\$ 951.79
Debit balance carried to balance sheet.....	84,691.78	94,838.95
<b>Total credits .....</b>	<b>\$ 84,980.47</b>	<b>\$ 95,790.64</b>
Being a switching and terminal company, no operating statistics are available.		

## Oregon & California Railroad Company

Organized March 17, 1870, under the laws of the State of Oregon; consolidated the following companies under this name:

Oregon Central Railroad Company of Salem, organized under Oregon laws.  
Oregon Central Railroad Company, organized under Oregon laws.  
Western Oregon Railroad Company, organized under Oregon laws.  
Albany and Lebanon Railroad Company, organized under Oregon laws.  
Oregonian Railroad Company, organized under Oregon laws.  
Portland and Yamhill Railroad Company, organized under Oregon laws.  
This company is controlled by the Southern Pacific Company through ownership of its outstanding capital stock.

*Principal Officers:* President, William Sproule, 65 Market St., San Francisco, Cal.; Vice President, W. R. Scott, 65 Market St., San Francisco, Cal.; Second Vice President, Wm. F. Herrin, 65 Market St., San Francisco, Cal.; Third Vice President, J. H. Dyer, Yeon Building, Portland, Ore.; Secretary, Ben. C. Dey, Yeon Building, Portland, Ore.; Treasurer, A. K. Van Deventer, 165 Broadway, New York, N. Y.; Auditor, T. O. Edwards, 65 Market St., San Francisco, Cal.

† Prorated separately among proprietary and tenant companies.



## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 45,387,069.41	\$ 46,154,989.
Sinking funds.....		286,991.21	288,023.
Investments in affiliated companies.....		19,621.50	352,699.
Other investments.....		376,181.56	.....
Current assets.....		6,244.58	6,108.
Deferred assets.....		2,084.01	70,379.
<b>Totals .....</b>		<b>\$ 46,078,192.27</b>	<b>\$ 46,852,200.</b>
	<i>Liabilities</i>		
Capital stock.....		\$ 19,000,000.00	\$ 19,000,000.
Funded debt unmatured.....		17,745,000.00	17,715,000.
Non-negotiable open accounts.....		5,051,361.10	5,633,437.
Interest matured unpaid.....		611,274.50	559,799.
Other current liabilities.....		2,344.87	2,479.
Deferred liabilities.....		3,131.62	3,131.
Accrued depreciation, road.....		17,973.62	25,503.
Accrued depreciation, equipment.....		535,241.95	637,089.
Other unadjusted credits.....		69,459.01	70,353.
Total appropriated surplus.....		2,553,190.98	2,573,040.
Profit and loss credit balance.....		589,214.62	632,363.
<b>Totals .....</b>		<b>\$ 46,078,192.27</b>	<b>\$ 46,852,200.</b>
<i>Income Account:</i> (Leased to Southern Pacific Company.)			
Income from lease of road .....		\$ 1,860,748.96	\$ 1,338,970.
Other income.....		1,270.21	993.
<b>Gross income.....</b>		<b>\$ 1,862,019.17</b>	<b>\$ 1,339,963.</b>
<i>Deductions from Gross Income:</i>			
Interest on funded debt.....		\$ 1,207,902.63	\$ 1,223,048.
Other charges.....		3,817.95	58,680.
<b>Total deductions.....</b>		<b>\$ 1,211,720.58</b>	<b>\$ 1,281,728.</b>
<b>Net income.....</b>		<b>\$ 650,298.59</b>	<b>\$ 58,234.</b>
Income applied to sinking and other reserve funds .....		12,259.16	10,962.
<b>Income balance transferred to profit and loss .....</b>		<b>\$ 638,039.43</b>	<b>\$ 47,271.</b>
<i>Profit and Loss Account:</i>			
Credit balance at beginning of year.....		\$ 208,667.69	\$ 589,214.
Credit balance transferred from income.....		638,039.43	47,271.
Other credits.....		95,762.37	10,366.
<b>Total credits.....</b>		<b>\$ 942,469.49</b>	<b>\$ 646,852.</b>
Miscellaneous debits, adjustments, etc.....		\$ 353,254.87	\$ 14,488.
Credit balance transferred to balance sheet.....		589,214.62	632,363.
<b>Total debits.....</b>		<b>\$ 942,469.49</b>	<b>\$ 646,852.</b>

Traffic statistics reported by Southern Pacific Company.

## Oregon Pacific &amp; Eastern Railway Company

Organized October 14, 1912, under the laws of the State of Oregon.

Principal Business Office: Cottage Grove, Oregon.

Principal Officers: President, Treasurer and General Manager, J. H. Chambers, Cottage Grove, Oregon; Vice President, A. B. Wood, Cottage Grove, Oregon; Secretary and Auditor, J. B. Protzman, Cottage Grove, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$465,438.97	\$464,298.73
Cash .....		2,368.74	2,738.37
Net balance receivable from agents and conductors.....		57.35	61.41
Miscellaneous accounts receivable.....		328.55	532.58
Material and supplies.....		4,302.83	2,395.84
Discount on capital stock.....		50,000.00	50,000.00
Discount on funded debt.....		56,100.00	52,800.00
Other unadjusted debits.....			545.09
Grand totals.....		<u>\$578,596.44</u>	<u>\$573,372.02</u>

	<i>Liabilities</i>		
Capital stock.....		\$200,250.00	\$200,250.00
Funded debt unmatured.....		330,000.00	330,000.00
Loans and bills payable.....		23,067.50	21,600.00
Audited accounts and wages payable.....		18,274.32	11,776.27
Interest matured unpaid.....		13,055.80	29,966.76
Tax liability.....		1,293.81	1,332.32
Accrued depreciation, equipment.....		6,087.14	7,426.70
Total appropriated surplus.....		38,799.17	45,726.43
Profit and loss debit balance.....		47,231.30	74,706.46
Grand totals.....		<u>\$578,596.44</u>	<u>\$573,372.02</u>

<i>Income Account:</i>		
Railway operating revenues.....	\$ 40,297.84	\$ 30,870.39
Railway operating expenses.....	28,605.07	28,170.42
Net revenue from railway operations.....	<u>\$ 11,692.77</u>	<u>\$ 2,699.97</u>
Railway tax accruals .....	\$ 1,575.13	\$ 1,652.13
Railway operating and gross income.....	<u>\$ 10,117.64</u>	<u>\$ 1,047.84</u>

<i>Deductions from gross income:</i>		
Interest on funded debt.....	\$ 9,600.00	\$ 16,500.00
Interest on unfunded debt.....	2,031.72	1,773.22
Amortization of discount on funded debt.....	3,300.00	3,300.00
Total deductions from gross income.....	<u>\$ 14,931.72</u>	<u>\$ 21,573.22</u>
Net deficit.....	\$ 4,814.08	\$ 20,525.38
Total income appropriated.....	19,452.14	6,927.26
Deficit transferred to profit and loss.....	<u>\$ 24,266.22</u>	<u>\$ 27,452.64</u>

<i>Profit and Loss Account:</i>		
Debit balance at beginning of year.....	\$ 22,965.08	\$ 47,231.30
Debit balance transferred from income account.....	24,266.22	27,453.64
Miscellaneous debits.....		22.52
Debit balance carried to balance sheet.....	<u>\$ 47,231.30</u>	<u>\$ 74,706.46</u>

<i>Tons of Revenue Freight Carried During Year:</i>		
Products of agriculture.....	62	48
Products of mines.....	36	...
Products of forests.....	98,097	74,590
Manufactures .....	169	125
Commodities not included above.....	634	753
Totals .....	<u>98,998</u>	<u>75,516</u>

## Oregon Short Line Railroad Company

Organized February 9, 1897, under the laws of the State of Utah.

*Principal Officers:* Chairman Executive Committee, Robert S. Lovett, Locust Valley, N. Y.; President, E. E. Calvin, Omaha, Nebraska; Vice President and Comptroller, C. B. Seger, New York, N. Y.; Vice President and General Manager, A. V. Platt, Salt Lake City, Utah; Secretary, Thomas Price, New York, N. Y.; Treasurer, Frederic V. S. Crosby, New York, N. Y.; Auditor, F. W. Charske, Salt Lake City, Utah.

Controlled by Union Pacific Railroad Company through ownership of its capital stock.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	<i>1916</i>	<i>1917</i>
Investment in road and equipment.....		\$ 114,404,847.12	\$ 116,999,637.20
Miscellaneous physical property .....		51,160.20	44,045.10
Investments in affiliated companies .....		103,062,547.78	101,823,450.90
Other investments.....		62,794,323.92	63,142,304.22
Cash .....		615,731.72	830,455.50
Special deposits.....		60,297.67	163,879.10
Loans and bills receivable.....		15,369.06	15,581.40
Traffic and car service balances receivable.....		509,301.86	704,444.02
Net balance receivable from agents and conductors .....		285,176.67	436,563.80
Miscellaneous accounts receivable.....		687,857.46	1,012,985.60
Material and supplies.....		2,937,950.83	5,198,861.10
Interest and dividends receivable.....		900,039.16	921,577.90
Rents receivable.....		1,709.76	2,039.00
Other current assets.....		3,584.83	12,360.50
Working fund advances.....		2,856.48	3,853.50
Other deferred assets.....		129,754.64	1,597,687.90
Rents and insurance premiums paid in advance.....		157.22	52.50
Other unadjusted debits.....		266,922.93	377,358.80
<b>Grand totals.....</b>		<b>\$ 287,084,370.25</b>	<b>\$ 294,671,214.50</b>
	<i>Liabilities</i>		
Capital stock.....		\$ 100,000,000.00	\$ 100,000,000.00
Funded debt unmatured.....		120,851,000.00	120,851,000.00
Open accounts.....			2,290,916.80
Traffic and car service balances payable.....		104,653.40	236.50
Audited accounts and wages payable.....		1,951,723.64	2,633,996.00
Miscellaneous accounts payable.....		21,307.32	216,123.00
Interest matured unpaid.....		570,801.00	705,588.50
Unmatured interest accrued.....		667,365.00	667,365.00
Unmatured rents accrued.....		5,138.74	4,513.80
Other current liabilities.....		4,488.22	2,465.00
Other deferred liabilities.....		37,255.69	412,011.70
Tax liability.....		808,577.04	1,245,882.10
Insurance and casualty reserves.....		152,037.39	184,155.80
Accrued depreciation, equipment.....		4,833,921.18	5,462,468.50
Other unadjusted credits.....		431,860.59	660,098.00
Corporate surplus.....		56,594,241.04	59,335,293.30
<b>Grand totals .....</b>		<b>\$ 287,084,370.25</b>	<b>\$ 294,671,214.50</b>
<i>Income Account:</i>			
Railway operating revenues.....		\$ 26,865,973.90	\$ 31,016,342.90
Railway operating expenses.....		13,302,537.12	16,478,293.60
<b>Net revenue from railway operations.....</b>		<b>\$ 13,563,436.78</b>	<b>\$ 14,538,049.30</b>
Railway tax accruals.....		\$ 1,672,520.73	\$ 2,469,404.70
Uncollectible railway revenues.....		2,244.22	3,280.60
<b>Railway operating income.....</b>		<b>\$ 11,888,671.83</b>	<b>\$ 12,065,363.90</b>
Net revenues from miscellaneous operations.....		8,215.25	
<b>Total operating income.....</b>		<b>\$ 11,896,887.08</b>	<b>\$ 12,065,363.90</b>
Non-operating income.....		5,368,738.14	5,599,873.60
<b>Gross income.....</b>		<b>\$ 17,265,625.22</b>	<b>\$ 17,665,237.60</b>

*Deductions From Gross Income:*

Rent for locomotives.....	\$ 16,549.14	\$ 14,692.57
Rent for passenger train cars.....	113,862.18	139,501.24
Rent for work equipment.....	2,470.41	1,706.39
Joint facility rents.....	42,609.91	41,066.06
Rent for leased roads.....	374,798.55	409,082.60
Miscellaneous rents.....	3,743.90	7,541.69
Miscellaneous tax accruals.....	600.00	995.74
Interest on funded debt.....	5,276,546.67	5,276,530.00
Interest on unfunded debt.....	3,312.42	8,503.04
Amortization of discount on funded debt—credit	200.00	.....
Miscellaneous income charges.....	13,455.88	25,240.22

Total deductions from gross income..... \$ 5,847,749.06 \$ 5,924,859.55

Net income..... \$ 11,417,876.16 \$ 11,740,378.07

Income applied to sinking and other reserve funds..... \$ 27,880.27 \$ 29,394.87

Dividend appropriations of income..... 9,000,000.00

Income appropriations for investment in physical property..... 1,145,858.78 2,710,983.20

Income balance to profit and loss..... 10,244,137.11

*Profit and Loss Account—Credits:*

Balance beginning of year..... \$ 42,939,017.52 \$ 43,001,221.30

Credit balance from income account..... 10,244,137.11

Profit on road and equipment sold..... 366.66 17,669.74

Unrefundable overcharges..... 9,779.42 23,270.13

Miscellaneous credits, Dr..... 2,364.83 5,728.49

\$ 53,190,936.38 \$ 43,047,889.66

*Profit and Loss Account—Debits:*

Dividend appropriations of surplus..... \$ 8,000,000.00

Miscellaneous appropriations of surplus..... \$ 4,000,000.00

Loss on retired road and equipment..... 26,613.34 40,045.22

Miscellaneous debits..... 2,163,101.74 5,948.92

Credit balance carried to balance sheet..... 43,001,221.30 39,001,895.52

\$ 53,190,936.38 \$ 43,047,889.66

*Tons of Revenue Freight Carried During Year:*

Products of agriculture.....	1,987,851	2,169,072
Products of animals.....	460,092	555,256
Products of mines.....	3,094,227	3,271,066
Products of forests.....	1,131,839	1,570,252
Manufactures.....	1,121,377	1,355,409
C. L. commodities not listed above.....	79,418	97,621
L. C. L. commodities not listed above.....	312,029	339,204

Totals..... 8,186,833 9,357,880

*Tons of Revenue Freight Originating in Oregon:*

Products of agriculture.....	4,711	7,055
Products of animals.....	27,506	32,985
Products of mines.....	24,259	8,761
Products of forests.....	540	516
Manufactures.....	10,129	9,826
C. L. commodities not listed above.....	1,143	1,344
L. C. L. commodities not listed above.....	5,962	7,105

Totals..... 74,250 67,592

## Oregon Trunk Railway

Organized November 3, 1909, under the laws of the State of Washington.

Principal Office: Portland, Oregon.

Principal Officers: President, L. C. Gilman, Portland, Oregon; Vice President, W. F. Turner, Portland, Oregon; Secretary and Treasurer, W. G. Davidson, Portland, Oregon; General Superintendent, A. J. Davidson, Portland, Oregon.

Controlled by Spokane, Portland & Seattle Railway Company through ownership of capital stock.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 16,266,783.05	\$ 16,439,578.35
Miscellaneous physical property.....			25,247.74
Cash.....		50,615.99	24,763.86
Loans and bills receivable.....		2,372.80	3,885.40
Traffic and car service balances receivable.....		2,375.26	2,725.63
Net balance receivable from agents and conductors.....		2,339.38	2,384.58
Miscellaneous accounts receivable.....		55,854.41	60,223.27
Material and supplies.....		16,775.65	23,066.29
Other current assets.....		947.02	1,262.57
Deferred assets.....		7,505.38	11,061.11
Rent and insurance premiums paid in advance.....		348.07	353.73
Other unadjusted debits.....		186,371.09	10,028.96
Grand totals.....		\$ 16,592,288.10	\$ 16,604,581.49
	<i>Liabilities</i>		
Capital stock.....		\$ 10,000,000.00	\$ 10,000,000.00
Long term debts to affiliated companies.....		8,096,693.00	8,416,365.52
Traffic and car service balances payable.....		5,284.79	19,072.68
Audited accounts and wages payable.....		38,053.02	79,379.13
Miscellaneous accounts payable.....		864.62	393.71
Other current liabilities.....		266.29	
Tax liability.....		47,243.83	53,471.23
Accrued depreciation, equipment.....		10,671.74	12,788.02
Other unadjusted credits.....		20,299.86	60,235.65
Total corporate deficit.....		1,627,089.05	2,037,124.45
Gand total.....		\$ 16,592,288.10	\$ 16,604,581.49
<i>Income Account:</i>			
Railway operating revenues.....		\$ 293,619.99	\$ 429,524.97
Railway operating expenses.....		221,170.75	387,703.79
Net revenue for railway operations.....		\$ 72,449.24	\$ 41,821.18
Railway tax accruals.....		\$ 64,760.80	\$ 59,045.00
Uncollectible railway revenues.....		91.78	198.37
Railway operating income.....		\$ 64,852.58	\$ 59,243.37
Operating income.....		\$ 7,596.66	\$D 17,422.19
Non-operating income.....		115,639.50	116,970.95
Gross income.....		\$ 123,236.16	\$ 99,548.76
<i>Deductions From Gross Income:</i>			
Hire of freight cars, debit balance.....		\$ 11,614.67	\$ 50,177.90
Rent for locomotives.....		13,025.89	15,025.18
Rent for passenger train cars.....		2,206.13	5,500.02
Rent for work equipment.....		5,408.94	6,580.22
Joint facility rents.....		2,398.80	4,891.70
Miscellaneous rents.....			78.26
Miscellaneous tax accruals.....		117.79	240.03
Interest on funded debt.....		403,781.24	419,759.56
Interest on unfunded debt.....		9.70	
Total deductions.....		\$ 438,563.16	\$ 502,250.56
Net deficit.....		\$ 315,327.00	\$ 402,701.80
Debit balance to profit and loss.....		\$ 315,327.00	\$ 402,701.80
<i>Profit and Loss Account—Credits:</i>			
Profit on road and equipment sold.....			\$ 26.00
Unrefundable overcharges.....		\$ 171.37	281.07
Donations.....		315.00	1,208.97
Miscellaneous credits.....		698.92	872.82
Debit balance carried to balance sheet.....		1,627,404.05	2,038,648.43
		\$ 1,628,589.34	\$ 2,041,037.28

*Profit and Loss Account—Debits:*

Debit balance at beginning of year.....	\$ 1,305,785.36	\$ 1,627,404.05
Debit balance transferred from income.....	315,327.00	402,701.80
Surplus appropriated for investment in physical property.....	315.00	1,208.97
Loss on retired road and equipment.....	1,725.93	9,708.76
Miscellaneous debits.....	5,436.05	13.70
	<u>\$ 1,628,589.34</u>	<u>\$ 2,041,037.28</u>

*Tons of Revenue Freight Traffic Carried During Year:*

Products of agriculture.....	11,167	22,927
Products of animals.....	8,637	7,872
Products of mines.....	1,147	2,712
Products of forests.....	21,902	98,577
Manufactures.....	11,369	11,604
Carload commodities not listed above.....	883	1,843
L. C. L. commodities included above.....	7,087	7,090
Total, all commodities.....	<u>62,192</u>	<u>152,625</u>

*Tons of Revenue Freight Originating in Oregon:*

Products of agriculture.....	9,902	21,643
Products of animals.....	7,892	6,631
Products of mines.....	106	1,436
Products of forests.....	18,260	95,243
Manufactures.....	2,354	3,696
Carload commodities not listed above.....	249	857
L. C. L. commodities not listed above.....	1,486	1,744
Totals.....	<u>40,249</u>	<u>131,270</u>

**Oregon-Washington Railroad & Navigation Company**

Organized November 23, 1910, under the laws of the State of Oregon.

*Principal Business Office:* Portland, Oregon.

*Principal Officers:* President, J. D. Farrell, Portland, Ore.; Director of Traffic, B. L. Winchell, Chicago, Ill.; Vice President and Comptroller, C. B. Seger, New York, N. Y.; Vice President and General Manager, J. P. O'Brien, Portland, Or.; Secretary, Thomas Price, New York, N. Y.; Treasurer, Frederic V. S. Crosby, New York, N. Y.; Auditor, R. Blaisdell, Portland, Ore.

**FINANCIAL AND GENERAL STATISTICS**

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 158,214,216.63	\$ 160,150,629.17
Improvements on leased railway property.....		7,696.42	7,696.42
Deposits and miscellaneous physical property.....		688,944.58	747,234.49
Investments in affiliated companies.....		2,226,640.87	1,296,150.24
Other investments.....		2,500.00	2,200.00
Cash.....		1,301,493.28	896,810.54
Special deposits.....		8,561.37	23,478.84
Loans and bills receivable.....		178,126.92	110,707.20
Traffic and car service balances receivable.....		1,065,407.12	267,423.73
Net balance receivable from agents and conductors.....		240,523.94	672,886.35
Miscellaneous accounts receivable.....		646,516.02	833,915.60
Material and supplies.....		1,404,004.67	2,679,645.01
Other current assets.....		77,743.21	88,916.28
Deferred assets.....		1,205,138.01	2,064,938.19
Discount on funded debt.....		2,936,614.98	2,869,999.86
Other unadjusted debits.....		229,694.33	457,135.54
Totals.....		<u>\$ 170,456,322.35</u>	<u>\$ 173,189,567.46</u>

<i>Liabilities</i>		
Capital stock.....	\$ 50,000,000.00	\$ 50,000,000.00
Funded debt unmatured.....	94,298,670.00	94,964,820.00
Open accounts with affiliated companies.....	9,967,251.93	9,637,873.60
Audited accounts and wages payable.....	2,271,868.71	1,891,526.70
Miscellaneous accounts payable.....	543,233.51	503,517.30
Interest matured unpaid.....	1,483,657.15	1,516,819.10
Other current liabilities.....	435,106.86	1,080,510.80
Deferred liabilities.....	1,707,576.34	2,172,355.50
Tax liability.....	1,313,844.59	1,428,645.90
Insurance and casualty reserves.....	159,248.94	148,468.50
Accrued depreciation—road.....	106,543.06	120,470.20
Accrued depreciation—equipment.....	4,296,414.31	4,707,615.40
Other unadjusted credits.....	535,458.28	1,323,845.50
Total corporate surplus.....	2,708,448.67	3,693,098.30
<b>Totals.....</b>	<b>\$ 170,456,322.35</b>	<b>\$ 173,189,567.40</b>
<i>Income Account:</i>		
Railway operating revenues.....	\$ 18,880,259.01	\$ 22,097,098.10
Railway operating expenses.....	13,039,848.07	14,878,198.60
<b>Net revenue from railway operations.....</b>	<b>\$ 5,840,410.94</b>	<b>\$ 7,218,899.50</b>
Railway tax accruals.....	\$ 997,378.18	\$ 1,439,133.70
Uncollectible railway revenues.....	3,340.84	1,233.20
<b>Railway operating income.....</b>	<b>\$ 4,840,691.92</b>	<b>\$ 5,778,542.50</b>
Miscellaneous operating income.....	D 26,353.64	40,231.50
<b>Total operating income.....</b>	<b>\$ 4,814,338.28</b>	<b>\$ 5,818,774.00</b>
<b>Total nonoperating income.....</b>	<b>1,081,306.59</b>	<b>1,158,901.00</b>
<b>Gross income.....</b>	<b>\$ 5,895,644.87</b>	<b>\$ 6,977,675.00</b>
<i>Deductions from Gross Income:</i>		
Equipment rental.....	\$ 161,809.99	\$ 155,721.80
Joint facility rents.....	953,751.68	972,286.60
Interest on funded debt.....	4,218,409.62	3,797,788.80
Interest on unfunded debt.....	84,163.89	710,481.20
Amortization of discount on funded debt.....	66,615.12	66,615.10
Other deductions.....	113,722.57	133,446.00
<b>Total deductions from gross income.....</b>	<b>\$ 5,598,472.87</b>	<b>\$ 5,836,337.60</b>
<b>Net income.....</b>	<b>\$ 297,172.00</b>	<b>\$ 1,141,337.30</b>
Income appropriated for investment in physical property.....		\$ 1,141,337.30
<b>Income balance transferred to profit and loss.....</b>	<b>\$ 297,172.00</b>	
<i>Profit and Loss Account:</i>		
Credit balance at beginning of year.....	\$ 2,269,058.65	\$ 2,530,996.40
Credit balance transferred from income.....	287,172.00	
Miscellaneous credits.....	27,042.25	32,158.00
<b>.....</b>	<b>\$ 2,593,272.90</b>	<b>\$ 2,563,154.40</b>
Loss on retired road and equipment.....	\$ 58,938.31	\$ 119,725.50
Other debits.....	3,338.12	69,120.10
Credit balance carried to balance sheet.....	2,530,996.47	2,374,308.70
<b>.....</b>	<b>\$ 2,593,272.90</b>	<b>\$ 2,563,154.40</b>
<i>Tons of Revenue Freight Carried During Year:</i>		
Products of agriculture.....	1,309,846	1,363,995
Products of animals.....	209,677	254,319
Products of mines.....	1,311,635	1,653,980
Products of forests.....	2,495,565	2,433,746
Manufactures.....	510,396	757,241
C. L. commodities not listed above.....	75,117	106,173
L. C. L. commodities not listed above.....	244,522	265,129
<b>Totals.....</b>	<b>6,156,758</b>	<b>6,834,583</b>

*Tons of Revenue Freight Originating in Oregon:*

Products of agriculture.....	522,069	582,456
Products of animals.....	77,657	123,327
Products of mines.....	110,847	99,864
Products of forests.....	738,467	885,600
Manufactures.....	70,395	153,066
C. L. commodities not listed above.....	36,007	48,431
L. C. L. commodities not listed above.....	104,609	120,031
<b>Totals .....</b>	<b>1,660,051</b>	<b>2,012,775</b>

**Pacific and Eastern Railway**

Organized May 25, 1907, under laws of the State of Oregon.

*Principal Business Office:* Pittock Block, Portland, Oregon.*Principal Officers:* President, L. C. Gilman, Portland, Ore.; Vice President and Comptroller, W. F. Turner, Portland, Ore.; Secretary and Treasurer, W. G. Davidson, Portland, Ore.; General Superintendent, A. J. Davidson, Portland, Ore.

Controlled by Spokane, Portland &amp; Seattle Railway Company through ownership of capital stock.

**FINANCIAL AND GENERAL STATISTICS**

<b>Balance Sheet:</b>	<b>Assets</b>	<b>1916</b>	<b>1917</b>
Investment in road and equipment.....	\$	2,081,727.05	\$ 2,081,320.97
Sinking funds.....		80,000.00	80,000.00
Cash.....		1,978.52	3,559.81
Traffic and car service balances receivable.....		4.40	9.98
Net balance receivable from agents and conductors.....		67.54	43.41
Miscellaneous accounts receivable.....		1,132.79	451.28
Material and supplies.....		8,087.06	6,326.23
Other current assets.....			21.50
Unadjusted debits.....		2,848.55	860.19
<b>Grand totals .....</b>	<b>\$</b>	<b>2,175,845.91</b>	<b>\$ 2,172,593.37</b>

	<b>Liabilities</b>		
Capital stock.....	\$	500,000.00	\$ 500,000.00
Funded debt unmatured.....		300,000.00	300,000.00
Long term debts to affiliated companies.....		1,989,472.37	2,106,879.23
Traffic and car service balances payable.....		370.19	428.72
Audited accounts and wages payable.....		2,258.03	9,405.71
Miscellaneous accounts payable.....		132.32	1,112.78
Interest matured unpaid.....		36,000.00	54,000.00
Unmatured interest accrued.....		1,500.00	1,500.00
Tax liability.....		1,751.48	2,598.00
Accrued depreciation—equipment.....		6,422.51	7,921.25
Other unadjusted credits.....		37.72	663.80
Profit and loss debit balance.....		662,098.71	811,916.12
<b>Grand totals .....</b>	<b>\$</b>	<b>2,175,845.91</b>	<b>\$ 2,172,593.37</b>

**Income Account:**

Railway operating revenues.....	\$	15,530.46	\$ 18,375.82
Railway operating expenses.....		25,391.30	37,282.93
<b>Deficit from railway operations.....</b>	<b>\$</b>	<b>9,860.84</b>	<b>\$ 18,907.11</b>
Railway tax accruals.....		2,550.00	3,461.07
<b>Railway operating deficit.....</b>	<b>\$</b>	<b>12,410.84</b>	<b>\$ 22,368.18</b>
Nonoperating income.....		347.36	342.42
<b>Gross deficit.....</b>	<b>\$</b>	<b>12,063.48</b>	<b>\$ 22,025.76</b>
Deductions from gross income—hire of equipment.....		1,924.16	2,716.91
Interest on funded debt.....		116,971.56	122,406.86
<b>Debit balance to profit and loss.....</b>	<b>\$</b>	<b>130,959.20</b>	<b>\$ 147,149.53</b>



**Profit and Loss Account:**

Debit balance at beginning of year.....	\$	529,389.62	\$	662,098.71
Debit balance from income.....		130,959.20		147,149.53
Miscellaneous debits.....		1,760.40		2,672.21
	\$	662,099.22	\$	811,920.45
Unrefundable overcharges .....	\$	.51	\$	4.33
Debit balance carried to balance sheet.....		662,098.71		881,916.12
	\$	662,099.22	\$	881,920.45

**Tons of Revenue Freight Carried During the Year:**

Products of agriculture.....	1,084	1,938
Products of animals.....	90	159
Products of mines.....	93	212
Products of forests.....	6,369	8,229
Manufactures .....	186	29
C. L. commodities not list above.....	10	499
L. C. L. goods not included above.....	1,226	1,692
Totals .....	9,058	12,758

**Portland & Oregon City Railway Company**

Organized June 26, 1913, under laws of State of Oregon.

*Principal Business Office:* 625 Railway Exchange Bldg., Portland, Ore.

*Principal Officers:* President, Stephen Carver, Portland, Ore.; Vice President, J. L. Sprinkle, Portland, Ore.; Secretary, J. N. Hart, Portland, Ore.; Treasurer, Nellie B. Carver, Portland, Ore.; General Manager, Stephen Carver, Portland, Ore.

**\*FINANCIAL STATISTICS**

<b>Balance Sheet:</b>	<b>Assets</b>	<b>1916</b>	<b>1917</b>
Investment in road and equipment.....		\$264,311.53	\$301,867.21
	<b>Liabilities</b>		
Capital stock .....	*		\$107,600.00
Funded debt unmatured.....	*		10,000.00
Loans and notes payable.....	*		74,600.00
Miscellaneous accounts payable.....	*		108,855.71
Other current liabilities.....	*		911.50
Totals .....			\$301,867.21
<b>Income Account:</b>			
Railway operating revenues.....	\$	4,280.23	\$ 5,553.31
Railway operating expenses.....	*		8,344.21
Deficit from railway operations.....	*		\$ 2,790.91
Railway tax accruals .....	*		539.91
Operating deficit.....	*		\$ 3,330.82

**Portland & Southwestern Railroad Company**

Organized December 28, 1905, under laws of State of Oregon.

*Principal Business Office:* 1120 Spalding Bldg., Portland, Ore.

*Principal Officers:* President, James B. Kerr, 1410 Yeon Bldg., Portland, Ore.; Vice President, J. T. Gregory, Tacoma Wash.; Secretary, C. P. Bradshaw, Los Angeles, Cal.; Treasurer, W. K. Coffin, Eau Claire, Wis.; General Manager, H. Kirk, 1120 Spalding Bldg., Portland, Ore.

This is primarily a logging railroad, controlled by the Nehalem Timber & Logging Co. through ownership of capital stock.

\* Incomplete report.

## FINANCIAL AND GENERAL STATISTICS

<b>Balance Sheet:</b>	<b>Assets</b>	<b>1916</b>	<b>1917</b>
Investments in road and equipment.....		\$375,761.92	\$449,472.64
Miscellaneous physical property.....		4,505.00	4,505.00
Other investments.....		250.00	250.00
Cash.....		258.31	339.24
Miscellaneous accounts receivable.....		27,587.27	2,683.16
Material and supplies.....		284.52	505.77
Unadjusted debits.....		63.68	90.04
<b>Totals .....</b>		<b>\$408,710.70</b>	<b>\$457,845.85</b>
	<b>Liabilities</b>		
Capital stock.....		\$360,000.00	\$360,000.00
Loans and bills payable.....		1,208.46	
Audited accounts and wages payable.....		2,203.00	31,800.42
Miscellaneous accounts payable.....		132.00	50.67
Tax liability.....		4,300.07	4,519.56
Accrued depreciation—road.....		27,007.46	40,511.19
Accrued depreciation—equipment.....		2,817.80	2,246.70
Total corporate surplus.....		11,041.91	18,811.80
<b>Totals .....</b>		<b>\$408,710.70</b>	<b>\$457,845.85</b>
<b>Income Account:</b>			
Railway operating revenues.....		\$ 55,446.84	\$ 54,855.61
Railway operating expenses.....		44,463.48	53,086.12
<b>Net revenue from railway operations.....</b>		<b>\$ 10,983.36</b>	<b>\$ 1,769.49</b>
Railway tax accruals.....		\$ 3,080.00	\$ 3,265.00
<b>Gross income or deficit.....</b>		<b>\$ 7,903.36</b>	<b>D 1,495.51</b>
Deductions from gross income.....		1,162.50	287.40
<b>Income balance to profit and loss.....</b>		<b>\$ 6,740.86</b>	<b>D 1,782.91</b>
<b>Profit and Loss Account:</b>			
Credit balance at beginning of year.....		\$201,494.19	\$ 11,041.91
Credit balance from income.....		6,740.86	
Profit on road and equipment sold.....			9,589.80
Miscellaneous credits.....		806.86	
<b>Totals .....</b>		<b>\$209,041.91</b>	<b>\$ 20,631.71</b>
Debit balance transferred from income.....			\$ 1,782.91
Other debits.....			37.00
Dividend appropriations of surplus.....		\$198,000.00	
Credit balance carried to balance sheet .....		11,041.91	18,811.80
<b>Totals .....</b>		<b>\$209,041.91</b>	<b>\$ 20,631.71</b>
Traffic statistics not reported.			

## C. A. Smith Lumber &amp; Manufacturing Company

Organized June 18, 1907.

Principal Business Office: Marshfield, Oregon.

Principal Officers: President, John K. Lyon, Oakland, Cal.; Vice President, F. A. Warner, Oakland, Cal.; Secretary, G. G. Arnold, Oakland, Cal.; Treasurer, F. A. Warner, Oakland, Cal.; Comptroller, M. W. Bidwell, Oakland, Cal.

## \*FINANCIAL AND GENERAL STATISTICS

<b>Balance Sheet:</b>	<b>Assets</b>	<b>1916</b>	<b>1917</b>
Investment in road and equipment.....		\$ 1,096,785.53	\$ 1,099,615.15
	<b>Liabilities</b>		
Unmatured funded debt .....		\$ 2,399,955.52	\$ 2,793,943.52

This is a logging railroad operated between Myrtle Point and Powers, Oregon, and its income is on a wheelage basis under agreement with the Southern Pacific Company.

\* Incomplete report.

## Southern Pacific Company

Organized March 17, 1884, under the laws of the State of Kentucky.

*Principal Officers:* Chairman of Executive Committee, J. Kruttschnitt, New York, N. Y.; President, William Sproule, San Francisco, Cal.; Vice President and Chief Counsel, W. F. Herrin, San Francisco, Cal.; Treasurer, A. K. Van Deventer, New York, N. Y.; Secretary, Hugh Neill, New York, N. Y.; Auditor, T. O. Edwards, San Francisco, Cal.; Vice President and General Manager, W. R. Scott, San Francisco, Cal.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 121,817,824.66	\$ 120,852,818.22
Improvements on leased railway property.....		1,374,680.53	1,454,270.61
Miscellaneous physical property.....		12,968,640.14	29,659,906.61
Investments in affiliated companies.....		547,102,398.48	544,052,719.61
Other investments.....		15,398,472.55	21,895,945.91
Cash.....		10,005,493.40	9,230,167.70
Demand loans and deposits.....		8,000,000.00	4,500,000.00
Time drafts and deposits.....		6,850,000.00	15,500,000.00
Special deposits.....		1,790,241.30	86,563.11
Loans and bills receivable.....		25,738.17	4,002,756.21
Traffic and car service balances receivable.....		979,396.29	1,369,345.10
Net balance receivable from agents and conductors.....		2,708,540.70	5,238,108.21
Miscellaneous accounts receivable.....		4,139,536.61	5,881,645.41
Materials and supplies.....		10,577,267.63	16,446,064.21
Interest and dividends receivable.....		2,915,355.55	2,351,091.81
Rents receivable.....		21,206.25	1,624,461.31
Other current assets.....		24,176.19	43,120.61
Working fund advances.....		22,944.08	40,350.71
Other deferred assets.....		5,995,651.58	3,360,020.91
Rents and insurance premiums paid in advance.....		117,898.56	134,868.31
Discount on funded debt.....		1,630,526.93	1,476,760.61
Other unadjusted debits.....		5,195,873.52	8,251,457.71
<b>Grand totals .....</b>		<b>\$ 759,657,853.12</b>	<b>\$ 797,452,843.61</b>
<i>Liabilities</i>			
Capital stock.....		\$ 272,822,905.64	\$ 272,823,405.61
Funded debt unmaturred.....		209,482,110.00	206,657,610.00
Open accounts.....		93,902,562.91	84,712,802.71
Traffic and car service balances payable.....		1,241,411.66	1,341,467.91
Audited accounts and wages payable.....		7,653,709.72	9,176,863.61
Miscellaneous accounts payable.....		899,514.67	2,453,566.31
Interest matured unpaid.....		417,058.98	621,437.31
Dividends matured unpaid.....		4,144,883.89	4,158,467.41
Unmatured interest accrued.....		1,841,535.79	1,808,671.21
Unmatured rents accrued.....		13,789.76	28,949.31
Other current liabilities.....		538,981.06	600,679.91
Other deferred liabilities.....		96,354.28	114,025.61
Tax liability.....		1,503,490.75	2,285,774.21
Insurance and casualty reserves.....		1,704,187.62	3,108,882.91
Accrued depreciation—road.....		40,138.07	474,075.71
Accrued depreciation—equipment.....		11,912,234.66	11,414,329.81
Accrued depreciation—misc. physical property.....		.....	6,377,594.41
Other unadjusted credits.....		34,014,384.34	45,705,624.91
Corporate surplus.....		117,628,599.32	140,593,118.91
<b>Grand totals .....</b>		<b>\$ 759,657,853.12</b>	<b>\$ 797,452,843.61</b>
<i>Income Account:</i>			
Railway operating revenues.....		\$ 121,481,980.74	\$ 141,653,380.36
Railway operating expenses.....		76,249,254.97	90,961,278.56
<b>Net railway operating revenue.....</b>		<b>\$ 45,232,725.77</b>	<b>\$ 50,692,101.78</b>
Railway tax accruals.....		\$ 6,290,487.43	\$ 9,554,151.74
Uncollectible railway revenues.....		38,261.61	35,994.61
<b>Railway operating income.....</b>		<b>\$ 38,903,976.71</b>	<b>\$ 41,101,955.43</b>

Net revenue from miscellaneous operations.....		\$ 5,671,654.64
Taxes on miscellaneous operating property.....		99,860.02
<b>Total operating income.....</b>	<b>\$ 38,903,976.71</b>	<b>\$ 46,673,750.05</b>
<b>Non-operating income .....</b>	<b>\$ 30,100,613.17</b>	<b>\$ 33,022,987.63</b>
<b>Gross income.....</b>	<b>\$ 69,004,589.88</b>	<b>\$ 79,696,737.68</b>

*Deductions from Gross Income:*

Rent of locomotives.....	\$ 13,785.77	\$ 25,511.07
Rent of passenger train cars.....	287,433.97	289,193.45
Rent of floating equipment.....	162,511.54	12,421.09
Rent of work equipment.....	2,194.36	1,258.83
Joint facility rent.....	220,397.60	137,532.49
Rent for leased roads.....	51,472,963.41	35,966,879.70
Miscellaneous rents.....	648,897.25	497,992.92
Miscellaneous tax accruals.....	594,658.72	318,344.64
Interest on funded debt.....	11,707,160.31	12,067,834.10
Interest on unfunded debt.....	25,302.33	31,881.34
Amortization of discount on funded debt.....	157,442.80	148,022.91
Maintenance of investment organization.....	80,400.15	53,855.47
Miscellaneous income charges.....	41,364.56	46,658.48
<b>Total deductions from gross income.....</b>	<b>\$ 65,414,512.77</b>	<b>\$ 49,597,386.49</b>
<b>Net income.....</b>	<b>\$ 3,590,077.11</b>	<b>\$ 30,099,351.19</b>
<b>Income applied to sinking and other reserve funds .....</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>Income balance transferred to profit and loss .....</b>	<b>\$ 3,585,077.11</b>	<b>\$ 30,094,351.19</b>

*Profit and Loss Account:*

	<i>Credits</i>	
Balance at beginning of year.....	\$ 131,236,773.27	\$ 117,594,105.48
Balance transferred from income.....	3,585,077.11	30,094,351.19
Profit on road and equipment sold.....	63,307.33	5,463.87
Delayed income credits.....	271,950.72	8,296,492.54
Unrefundable overcharges.....	74,353.70	118,203.22
Donations.....	14,410.41	25,525.65
Miscellaneous credits.....	233,116.07	1,067,554.62
	<b>\$ 135,468,988.61</b>	<b>\$ 157,201,696.52</b>
	<i>Debits</i>	
Dividend appropriations of surplus.....	\$ 16,363,018.12	\$ 16,369,399.66
Loss on retired road and equipment.....	32,790.90	47,607.13
Delayed income debits.....	100,907.95	
Miscellaneous debits.....	1,378,166.21	231,069.58
Credit balance carried to balance sheet.....	117,594,105.43	140,553,620.10
	<b>\$ 135,468,988.61</b>	<b>\$ 157,201,696.52</b>

*Tons of Revenue Freight Traffic During Year:*

Products of agriculture.....	5,372,857	5,503,640
Products of animals.....	918,185	1,038,015
Products of mines.....	5,510,355	8,973,263
Products of forests.....	4,360,466	5,143,753
Manufactures.....	4,689,402	5,551,647
Carload commodities not included above.....	514,428	835,135
L. C. L. commodities not included above.....	1,538,793	1,529,475
<b>Totals .....</b>	<b>25,904,486</b>	<b>28,574,928</b>

*Tons of Revenue Freight Originating in Oregon:*

Products of agriculture.....	306,946	288,083
Products of animals.....	71,340	71,925
Products of mines.....	229,448	246,862
Products of forests.....	1,749,170	2,299,755
Manufactures.....	178,475	131,160
Carload commodities not included above.....	158,860	33,310
L. C. L. commodities not included above.....	20,472	139,767
<b>Totals .....</b>	<b>2,714,711</b>	<b>3,210,862</b>

## Spokane, Portland &amp; Seattle Railway Company

Organized August 22, 1905, under laws of State of Washington.

Principal Business Office: Portland, Oregon.

Principal Officers: President, L. C. Gilman, Portland, Ore.; Vice President, Geo. T. Reid, Tacoma, Wash.; Secretary-Treasurer, W. G. Davidson, Portland, Ore.; Comptroller, W. F. Turner, Portland, Ore.

Controlled by Great Northern Railway Company and Northern Pacific Railway Company through ownership of capital stock.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 60,991,919.25	\$ 59,962,919.25
Deposits in lieu of mortgaged property sold.....		23,839.94	23,839.94
Miscellaneous physical property.....		13,589.72	1,446.00
Investments in affiliated companies.....		38,828,544.02	34,772,000.00
Other investments.....		33,501.00	18,000.00
Cash.....		706,951.13	391,000.00
Loans and bills receivable.....		720.24	720.24
Traffic and car service balances receivable.....		78,060.30	121,000.00
Net balance receivable from agents and conductors.....		92,488.89	151,000.00
Miscellaneous accounts receivable.....		567,939.40	739,000.00
Material and supplies.....		516,895.09	727,000.00
Interest and dividends receivable.....		2,494.57	2,000.00
Other current assets.....		15,039.91	14,000.00
Deferred assets.....		19,640.54	4,470.00
Discount on funded debt.....		19,637,319.92	19,192,000.00
Other unadjusted debits.....		289,221.94	739,000.00
<b>Grand totals .....</b>		<b>\$ 121,818,165.86</b>	<b>\$ 122,751,000.00</b>

	<i>Liabilities</i>	1916	1917
Capital stock.....		\$ 40,000,000.00	\$ 40,000,000.00
Funded debt unmatured.....		73,780,000.00	73,710,000.00
Long term debts to affiliated companies.....		10,360,038.64	3,918,000.00
Traffic and car service balances payable.....		240,491.85	448,000.00
Audited accounts and wages payable.....		434,023.01	458,000.00
Miscellaneous accounts payable.....		21,233.57	22,000.00
Interest matured unpaid.....		5,021,800.00	7,970,000.00
Unmatured interest accrued.....		982,800.00	982,000.00
Other current liabilities.....		108,213.50	108,213.50
Deferred liabilities.....		2,452.00	53,000.00
Tax liability.....		554,136.35	633,000.00
Accrued depreciation—equipment.....		667,433.45	756,000.00
Other unadjusted credits.....		224,488.48	4,831,000.00
Appropriated surplus.....		16,690.12	17,000.00
Profit and loss debit balance.....		10,595,630.11	11,046,000.00
<b>Grand totals .....</b>		<b>\$ 121,818,165.86</b>	<b>\$ 122,751,000.00</b>

*Income Account:*

Railway operating revenues.....	\$ 5,215,850.97	\$ 6,778,000.00
Railway operating expenses.....	2,745,803.06	3,305,000.00
<b>Net revenue from railway operations.....</b>	<b>\$ 2,470,047.91</b>	<b>\$ 3,473,000.00</b>
Railway tax accruals.....	\$ 681,250.00	\$ 712,000.00
Uncollectible railway revenues.....	1,148.06	1,148.06
<b>Railway operating income.....</b>	<b>\$ 1,787,649.85</b>	<b>\$ 2,759,000.00</b>
Nonoperating income.....	352,075.97	414,000.00
<b>Gross income.....</b>	<b>\$ 2,139,725.82</b>	<b>\$ 3,173,000.00</b>

*Deductions from Gross Income:*

Rent of equipment.....	\$ 139,948.36	\$ 269,977.07
Joint facility rents.....	136,597.20	162,532.17
Interest on funded debt.....	3,381,441.72	2,950,500.00
Other deductions.....	510,742.73	211,502.86

Total deductions from gross income.....	\$ 4,168,730.01	\$ 3,594,512.10
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Net deficit transferred to profit and loss.....	\$ 2,029,004.19	\$ 420,994.59
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*Profit and Loss Account:*

Debit balance at beginning of year.....	\$ 8,203,162.73	\$ 10,578,852.67
Debit balance from income.....	2,029,004.19	420,994.59
Other debits.....	441,734.90	50,723.01

Total debits.....	\$ 10,673,901.82	\$ 11,050,570.27
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Miscellaneous credits.....	\$ 95,049.15	\$ 3,733.69
Debit balance carried to balance sheet.....	10,578,852.67	11,046,836.58

Total credits.....	\$ 10,673,901.82	\$ 11,050,570.27
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*Tons of Revenue Freight Carried During the Year:*

Products of agriculture.....	367,445	402,352
Products of animals.....	70,521	74,555
Products of mines.....	61,093	69,668
Products of forests.....	410,743	721,430
Manufactures.....	275,181	344,175
Carload commodities not listed above.....	16,505	24,271
L. C. L. commodities not listed above.....	111,189	127,465
<b>Totals</b> .....	<b>1,312,677</b>	<b>1,763,916</b>

*Tons of Revenue Freight Originating in Oregon:*

Products of agriculture.....	95,399	86,389
Products of animals.....	39,428	35,320
Products of mines.....	17,992	7,716
Products of forests.....	219,124	358,335
Manufactures.....	58,799	78,216
Carload commodities not listed above.....	8,026	10,086
L. C. L. commodities not listed above.....	58,681	58,778
<b>Totals</b> .....	<b>497,449</b>	<b>634,840</b>

## Sumpter Valley Railway Company

Organized August 15, 1890, under the laws of the State of Oregon.

Principal Business Office: Baker, Oregon.

Principal Officers: President, David C. Eccles, Ogden, Utah; Vice President, C. W. Nibley, Salt Lake City, Utah; Secretary, Joseph A. West, Ogden, Utah; Treasurer, J. M. Eccles, Ogden, Utah; Auditor, E. W. Schauer, Baker, Oregon; General Manager, E. B. Pengra, Baker, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	<i>1916</i>	<i>1917</i>
Investment in road and equipment.....		\$ 1,753,971.65	\$ 1,812,222.75
Miscellaneous physical property.....		522.43	279.25
Cash.....		32,311.90	13,094.16
Time drafts and deposits.....		2,250.00	-----
Loans and bills receivable.....		69,947.50	72,447.50
Traffic and car service balances receivable.....		119.19	183.75
Net balance receivable from agents and con- ductors .....		2,212.84	2,449.93
Miscellaneous accounts receivable.....		6,479.56	7,732.89
Material and supplies.....		37,491.31	121,066.32
Unadjusted debits.....		3,901.44	3,083.02
Grand totals.....		\$ 1,909,207.82	\$ 2,033,013.89

*Liabilities*

Capital stock.....	\$ 810,000.00	\$ 810.00
Grants in aid of construction.....		1.5
Funded debt unmatured.....	810,000.00	810.00
Loans and bills payable.....		60.7
Audited accounts and wages payable.....	13,871.09	36.5
Miscellaneous accounts payable.....	1,553.96	3.4
Interest matured unpaid.....	32,970.00	37.2
Other current liabilities.....	1,840.56	3
Deferred liabilities.....	486.80	
Tax liability.....	10,679.98	10.8
Accrued depreciation—road.....	777,394.32	775.4
Accrued depreciation—equipment.....	115,291.47	103.6
Other unadjusted credits.....	1,260.63	9
Appropriated surplus.....	192,206.66	290.9
Profit and loss debit balance.....	858,347.65	908.6

Grand totals ..... \$ 1,909,207.82 \$ 2,033.0

*Income Account:*

Railway operating revenues.....	\$ 342,087.96	\$ 355.9
Railway operating expenses.....	245,370.92	274.3

Net revenue from railway operations..... \$ 96,717.04 \$ 81.5

Railway tax accruals.....	\$ 10,039.39	\$ 11.2
Uncollectible railway revenues.....		

Railway operating income.....	\$ 86,677.65	\$ 70.3
Non-operating income.....	6,405.30	4.5

Gross income..... \$ 93,082.95 \$ 74.8

*Deductions from Gross Income:*

Interest on funded debt.....	\$ 48,600.00	\$ 48.6
Interest on unfunded debt.....	17.56	1.3
Other deductions.....	3,064.88	6

Total deductions from gross income..... \$ 51,682.44 \$ 50.5

Net income..... \$ 41,400.51 \$ 24.2

*Disposition of Net Income:*

To sinking and other reserve funds.....	\$ 50,190.00	\$ 40.5
For investment in physical property.....	14,813.07	56.7

Total appropriations from income..... \$ 65,003.07 \$ 97.2

Debit balance transferred to profit and loss.....	\$ 23,602.56	\$ 72.9
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*Profit and Loss Account:*

Debit balance at beginning of year.....	\$ 733,899.78	\$ 858.8
Debit balance transferred from income.....	23,602.56	72.9
Other debits.....	62,467.26	2.8

Total debits ..... \$ 859,969.60 \$ 934.1

Unrefundable overcharges.....	\$ 5.26	\$ 1
Miscellaneous credits.....	1,616.69	25.3
Debit balance carried to balance sheet.....	858,347.65	908.6

Total credits ..... \$ 859,969.60 \$ 934.1

*Tons of Revenue Freight Carried During Year:*

Products of agriculture.....	2,861	3.56
Products of animals.....	3,222	4.12
Products of mines.....	2,279	9.27
Products of forests.....	202,406	152.80
Manufactures.....	1,156	2.43
C. L. commodities not listed above.....	1,446	1.32
L. C. L. commodities not listed above.....	4,541	5.18

Totals ..... 217,910 179.72

		Maintenance of way and structures
\$	91.96	\$ 18,69
64.	64.50	3,57
59.	07.50	10,06
15.	80.50	2,65
80.	48.84	62,71
04.	69.84	10,951,05
88	56.96	61
70.	22.50	7,61
38.	83.56	77
5,2.	26.00	24,31
99.	30.86	107,40
96.	05.07	4,80
33.	35.94	9,319,43
33.	80	18.30
9.0		42,48
5.4		51,41
4.2		32.00
4.2		10,87
4.6	26	97.02
4.2		2,756,90
7.7		51.13
0.9		193,68
9.7	18	71.26
8.9	12	66,00
4.4		64,90
		3,072,90
		1,790,20
		8,60
		329.30
		46.22
		27,20
		108.00
		22,80
		597.12
		12,299,10
		20.10
		1,921.00
		402.50
		670.10
		10.98
		247,80
		1295.94
		82,10
		358.00
		1,00
90 \$ 24	159.19	\$ 4,600,30

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## Willamette Valley &amp; Coast Railroad Company

Organized November 15, 1910, under laws of the State of Oregon.

Principal Business Office: 3316 S. Main St., Los Angeles, Cal.

Principal Officers: President, L. B. Menefee, Portland, Oregon; Vice President, W. L. Haskell, Cherry Grove, Oregon; Secretary and General Manager, J. M. Carpenter, Los Angeles, Cal.; Treasurer, W. L. Haskell, Cherry Grove, Oregon.

## \*FINANCIAL AND GENERAL STATISTICS

Balance Sheet:	Assets	1916	1917
Investment in road and equipment.....		\$ 100,060.00	\$ 98,498.25
Cash .....		481.27	565.69
Net balance receivable from agents and conductors..		661.12	850.92
Miscellaneous accounts receivable.....		32.50	323.27
Totals .....		\$ 101,234.89	\$ 100,238.13

	Liabilities		
Capital stock.....		\$ 100,000.00	\$ 100,000.00
Loans and bills payable.....		2,091.70	
Miscellaneous accounts payable.....			41.00
Profit and loss credit balance.....	D	856.81	197.13
Totals .....		\$ 101,234.89	\$ 100,238.13

<b>Income Account:</b>			
Railway operating revenues.....	\$	5,177.44	\$ 11,685.30
Railway operating expenses.....		5,124.94	8,964.65
Net revenue from railway operations.....		52.50	2,720.65
Railway tax accruals.....	\$	323.43	* .....
Debit balance transferred to profit and loss.....	\$	270.93	* .....
<b>Profit and Loss Account:</b>			
Debit balance at beginning of year.....	\$	585.88	\$ 856.81
Credit balance transferred from income.....	D	270.93	* .....
	\$ D	856.81	197.13

\* Incomplete report.

For recapitulation see inserts facing page 176.

## ELECTRIC RAILROADS

## Kenton Traction Company

Organized March 22, 1909, under the laws of State of Oregon.

*Principal Business Office:* North Portland, Ore.

*Principal Officers:* President, C. C. Colt, North Portland, Ore.; Vice President, Chas. A. Carey, Portland, Ore.; Secretary, Geo. F. Anderson, North Portland, Ore.; Auditor, F. R. Denell, North Portland, Ore.; General Manager, Geo. F. Heusner, North Portland, Ore.

## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 38,419.50	\$ 41,663.40
Cash.....		2,945.25	3,124.50
Loans and notes receivable.....		5,000.00	7,500.00
Miscellaneous accounts receivable.....		59.35	896.50
Material and supplies.....		351.71	155.00
<b>Totals .....</b>		<b>\$ 46,775.81</b>	<b>\$ 53,339.60</b>
	<i>Liabilities</i>		
Capital stock.....		\$ 20,000.00	\$ 20,000.00
Miscellaneous accounts payable.....		903.27	12,763.40
Tax liability.....		275.00	504.20
Accrued depreciation—railroad and equipment.....		13,544.21	15,913.00
Other unadjusted credits.....		327.32	946.70
Total corporate surplus.....		11,726.01	3,218.00
<b>Totals .....</b>		<b>\$ 46,775.81</b>	<b>\$ 53,339.60</b>
<i>Income Account:</i>			
Railway operating revenues.....		\$ 25,188.08	\$ 27,897.20
Railway operating expenses.....		23,539.41	28,796.60
Income or deficit from railway operations.....		\$ 1,598.67	\$D 897.80
Taxes assignable to railway operations.....		248.14	630.00
Operating income or deficit.....		\$ 1,350.53	\$D 1,527.80
Non-operating income.....		130.59	347.50
Gross income or deficit to profit and loss.....		\$ 1,481.12	\$D 1,180.20
<i>Profit and Loss Account:</i>			
Miscellaneous credits.....		\$ 4,797.60	\$ 1,200.00
Credit balance transferred from income.....		1,481.12	
		<b>\$ 6,278.72</b>	<b>\$ 1,200.00</b>
Debit balance transferred from income.....			\$ 1,180.20
Credit balance carried to balance sheet.....		\$ 6,278.72	19.70
		<b>\$ 6,278.72</b>	<b>\$ 1,200.00</b>

## Oregon Electric Railway Company

Organized May 4, 1906, under laws of State of Oregon.

*Principal Business Office:* Portland, Oregon.

*Principal Officers:* President, L. C. Gilman, Portland, Ore.; Vice President, W. F. Turner, Portland, Ore.; Secretary and Treasurer, W. G. Davidson, Portland, Ore.; Comptroller, W. F. Turner, Portland, Ore.; General Superintendent, A. J. Davidson, Portland, Ore.

Controlled by Spokane, Portland & Seattle Railway Company through ownership of capital stock.

## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....	\$	12,996,814.86	\$ 13,099,863.14
Deposits in lieu of mortgaged property sold.....		1,200.00	1,200.00
Miscellaneous physical property.....		10,995.70	18,189.53
Investment in affiliated companies.....		63,731.13	64,006.13
Cash .....		107,474.65	49,284.74
Loans and notes receivable.....		307.52	302.22
Miscellaneous accounts receivable.....		41,217.09	51,753.77
Material and supplies .....		76,165.74	81,940.70
Other current assets .....		5,368.33	5,281.65
Unadjusted debits.....		46,406.73	19,701.55
<b>Totals .....</b>	<b>\$</b>	<b>13,349,680.75</b>	<b>\$ 13,391,493.43</b>

	<i>Liabilities</i>		
Capital stock .....	\$	2,530,000.00	\$ 2,530,000.00
Funded debt unmaturred.....		2,000,000.00	2,000,000.00
Long term debts to affiliated companies.....		8,760,429.15	9,150,241.86
Audited accounts and wages payable.....		89,136.86	69,905.42
Miscellaneous accounts payable.....		22,921.26	26,180.17
Accrued interest, dividend and rents payable.....		16,666.66	16,666.66
Other current liabilities.....		2,829.03	649.70
Deferred liabilities.....		1,200.00	1,237.64
Tax liability .....		56,206.66	76,559.15
Operating reserves.....		5,098.74	21,385.49
Accrued depreciation—road and equipment.....		270,543.85	321,996.23
Other unadjusted credits.....		15,520.30	22,618.59
Total corporate deficit .....		420,871.76	845,947.48
<b>Totals .....</b>	<b>\$</b>	<b>13,349,680.75</b>	<b>\$ 13,391,493.43</b>

<i>Income Statement:</i>			
Railway operating revenues.....	\$	909,770.02	\$ 1,025,963.24
Railway operating expenses.....		733,151.93	792,480.91
<b>Net revenue from railway operations .....</b>	<b>\$</b>	<b>176,618.09</b>	<b>\$ 233,482.33</b>
Taxes assignable to railway operations.....	\$	96,255.00	\$ 94,355.78
Operating income.....	\$	80,363.09	\$ 139,126.55
Nonoperating income.....		3,094.37	3,262.54
<b>Gross income.....</b>	<b>\$</b>	<b>83,457.46</b>	<b>\$ 142,387.09</b>

<i>Deductions from Gross Income:</i>			
Interest on funded debt .....	\$	100,000.00	\$ 100,000.00
Interest on unfunded debt .....		438,938.84	454,827.68
Other deductions .....		1,622.99	6,692.92
<b>Total deductions from gross income.....</b>	<b>\$</b>	<b>540,561.83</b>	<b>\$ 561,520.60</b>
<b>Deficit transferred to profit and loss.....</b>	<b>\$</b>	<b>457,104.37</b>	<b>\$ 419,131.51</b>

<i>Profit and Loss Statement:</i>			
Debit balance at beginning of year.....			\$ 421,480.71
Debit balance transferred from income account .....		457,104.37	419,131.51
Other debits .....		10,582.07	7,596.64
<b>Total debits.....</b>	<b>\$</b>	<b>467,686.44</b>	<b>\$ 848,208.86</b>
Credit balance at beginning of year.....	\$	45,042.60	
Donations .....		590.95	718.97
Miscellaneous credits.....		572.18	214.49
Debit balance carried to balance sheet.....		421,480.71	847,275.40
<b>Total credits.....</b>	<b>\$</b>	<b>467,686.44</b>	<b>\$ 848,208.86</b>

## Pacific Power & Light Company

Street Railway, Astoria, Oregon

Organization  
Officers  
Income Account  
Balance Sheet  
Operating Statistics—See appended tabulation.

} Reported under electric utilities.

## Portland & Troutdale Electric Railway Company

Organized November 3, 1911, under laws of the State of Oregon.

*Principal Business Office:* Portland, Oregon.

*Principal Officers:* President, E. L. Thompson, Portland, Ore.; Vice President, H. M. Haller, Portland, Ore.; Secretary, J. L. Hartman, Portland, Ore.; General Manager, Lewis S. Thompson, Portland, Ore.

### FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1915
Investment in road and equipment.....		\$ 21,748.32	\$ 21,011.00
	<i>Liabilities</i>		
Capital stock.....		\$ 19,000.00	\$ 19,000.00
Other liabilities.....		2,748.32	2,011.00
<i>Income Account:</i>			
Railway operating revenues.....		\$ 3,937.20	\$ 4,011.00
Railway operating expenses.....		3,489.44	4,261.00
Net income from railway operations.....		\$ 447.76	\$D 250.00
Taxes assignable to railway operations.....		\$ 128.90	\$ 130.00
Operating income or deficit.....		\$ 318.86	\$D 380.00

## Portland, Railway, Light and Power Company

Organized June 28, 1906, under laws of the State of Oregon.

*Principal Office:* Portland, Oregon.

*Principal Officers:* President, Franklin T. Griffith, Portland, Ore.; Chairman of Executive Committee, Clarence M. Clark, Philadelphia, Penn.; Secretary, L. Estabrook, Philadelphia, Penn.; Treasurer, C. N. Huggins, Portland, Ore.; General Auditor, R. W. Shepherd, Portland, Ore.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1915
Road and equipment.....		\$ 36,277,480.23	\$ 36,182,570.00
Sinking funds.....		1,018,560.29	1,391,011.00
Deposits in lieu of mortgaged property sold.....		5,258.71	6,291.00
Miscellaneous physical property.....		23,206,808.22	23,607,511.00
Investments in affiliated companies.....		288,353.07	355,611.00
Other investments.....			150.00
Cash.....		132,647.31	92,641.00
Special deposits.....		292,212.50	356,301.00
Loans and notes receivable.....		249,001.54	234,861.00
Material and supplies.....		493,575.00	493,831.00
Miscellaneous accounts receivable.....		404,257.87	462,811.00
Other current assets.....		2,085.40	2,731.00
Other deferred assets.....		148,521.91	29,041.00
Rents and insurance premiums paid in advance..		13,740.29	11,301.00
Discount on funded debt.....		344,802.58	257,431.00
Other unadjusted debits.....		92,750.28	58,151.00
Grand totals.....		\$ 68,522,592.14	\$ 69,176,091.00

*Liabilities*

Capital stock.....	\$ 20,000,000.00	\$ 21,250,000.00
Funded debt unmatured.....	44,724,000.00	43,738,000.00
Loans and notes payable.....	85,000.00	235,890.90
Audited accounts and wages payable.....	143,806.63	193,615.93
Miscellaneous accounts payable.....	8,293.68	5,087.87
Matured interest, dividends and rents unpaid....	272,162.50	356,155.00
Accrued interest, dividends and rents payable....	482,016.83	480,267.65
Other current liabilities.....		1,512.76
Liability for provident funds.....	11,698.81	9,935.01
Other deferred liabilities.....	889,726.64	792,006.89
Tax liabilities.....	280,448.04	285,977.51
Insurance and casualty reserves.....	12,381.17	14,298.37
Operating reserves.....	59,957.55	64,558.00
Accrued depreciation—road and equipment.....	209,617.50	359,257.05
Accrued depreciation—miscel. physical property.....	788,599.29	795,441.89
Other unadjusted credits.....	42,898.40	42,439.49
Total corporate surplus.....	511,985.05	556,658.34
<b>Grand totals.....</b>	<b>\$ 68,522,592.14</b>	<b>\$ 69,176,097.67</b>

*Income Account:*

Railway operating revenues.....	\$ 3,277,288.88	\$ 3,724,799.25
Railway operating expenses.....	2,017,386.97	2,436,936.00
<b>Net revenue—railway operations.....</b>	<b>\$ 1,259,901.91</b>	<b>\$ 1,288,763.25</b>
Taxes assignable to railway operations.....	275,751.51	324,982.28
<b>Operating income.....</b>	<b>\$ 984,150.40</b>	<b>\$ 963,780.97</b>
<b>Nonoperating income.....</b>	<b>1,385,289.80</b>	<b>1,520,931.11</b>
<b>Gross income.....</b>	<b>2,369,439.70</b>	<b>\$ 2,484,712.08</b>

*Deductions from Gross Income:*

Miscellaneous rents.....	\$ 1,827.00	\$ 2,336.80
Miscellaneous taxes.....	297,495.50	286,993.62
Interest on funded debt.....	1,936,896.07	1,909,681.38
Interest on unfunded debt.....	57,602.98	58,159.24
Amortization of discount on funded debt.....	118,405.76	49,474.04
Miscellaneous debits.....	18,382.91	30,022.12

<b>Total deductions from gross income.....</b>	<b>\$ 2,430,610.22</b>	<b>\$ 2,336,667.20</b>
<b>Income balance transferred to profit and loss....</b>	<b>\$ D 61,170.52</b>	<b>\$ 148,044.88</b>

*Profit and Loss Account:*

Credit balance at beginning of year.....	\$ 535,251.39	\$ 511,985.05
Credit balance transferred from income.....		148,044.88
Profit on road and equipment sold.....		446.69
Donations.....	1,400.00	2,934.65
Miscellaneous credits.....	103,792.02	92,026.89

<b>Total credits.....</b>	<b>\$ 640,443.41</b>	<b>\$ 755,438.16</b>
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Debit balance transferred from income account.....	\$ 61,170.52	
Loss on road and equipment retired.....	84.10	\$ 3,845.09
Delayed income debits.....		117,337.46
Miscellaneous debits.....	67,203.74	77,597.27
<b>Balance carried to corporate surplus in balance sheet.....</b>	<b>511,985.05</b>	<b>556,658.34</b>

<b>Total debits.....</b>	<b>\$ 640,443.41</b>	<b>\$ 755,438.16</b>
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**Southern Oregon Traction Company**

Organized July 15, 1913, under laws of State of Oregon.

Principal Business Office: Medford, Oregon.

Principal Officers: President, Spencer S. Bullis, Medford, Ore.; Vice President, Seth M. Bullis, Medford, Ore.; Secretary-Treasurer, Spencer S. Bullis, Medford, Ore.; General Manager, Spencer S. Bullis, Medford, Ore.



## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$250,000.00	\$250,000.00
Miscellaneous accounts receivable.....		384.70	1,544.40
Other current assets.....		6,167.82	
<b>Totals</b> .....		<b>\$256,552.52</b>	<b>\$251,544.40</b>
	<i>Liabilities</i>		
Capital stock.....		\$100,000.00	\$100,000.00
Funded debt unmatured.....		150,000.00	150,000.00
Loans and notes payable.....		3,500.00	9,200.00
Audited accounts and wages payable.....		806.79	
Miscellaneous accounts payable.....		13,107.12	11,575.20
Profit and loss debit balance.....		10,861.39	19,230.80
<b>Totals</b> .....		<b>\$256,552.52</b>	<b>\$251,544.40</b>
<i>Income Statement:</i>			
Railway operating revenues.....		\$ 11,099.96	\$ 13,777.30
Railway operating expenses.....		9,300.08	17,284.40
<b>Net revenue from railway operations.....</b>		<b>\$ 1,799.88</b>	<b>\$D 3,507.10</b>
Taxes assignable to railway operations.....		614.64	904.20
<b>Gross income or deficit</b> .....		<b>\$ 1,185.24</b>	<b>\$D 4,411.40</b>
<i>Deductions from Gross Income:</i>			
Interest on funded debt.....		\$ 5,656.25	\$ 3,420.00
Interest on unfunded debt.....		258.00	295.00
Miscellaneous debits.....			243.00
<b>Total deductions from gross income.....</b>		<b>\$ 5,914.25</b>	<b>\$ 3,958.00</b>
<b>Deficit transferred to profit and loss.....</b>		<b>\$ 4,729.01</b>	<b>\$ 8,369.40</b>
<i>Profit and Loss Account:</i>			
Debit balance at beginning of year.....		\$ 6,132.38	\$ 10,861.30
Debit balance from income.....		4,729.01	8,369.40
<b>Debit balance carried to balance sheet.....</b>		<b>\$ 10,861.39</b>	<b>\$ 19,230.80</b>

## United Railways Company

Organized February 2, 1906, under laws of State of Oregon.

*Principal Business Office:* Portland, Oregon.

*Principal Officers:* President, L. C. Gilman, Portland, Ore.; Vice President, W. F. Turner, Portland, Ore.; Secretary-Treasurer, W. G. Davidson, Portland, Ore.; Comptroller, W. F. Turner, Portland, Ore.; General Superintendent, A. J. Davidson, Portland, Ore.

This road is controlled by Spokane, Portland & Seattle Railway Company through stock ownership.

## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....		\$ 6,199,703.15	\$ 6,203,189.00
Cash.....		4,463.76	3,762.70
Miscellaneous accounts receivable.....		15,544.11	15,519.80
Material and supplies.....		14,446.19	18,588.60
Other current assets.....		291.54	124.00
Unadjusted debits.....		265.37	1,496.80
<b>Totals</b> .....		<b>\$ 6,234,714.12</b>	<b>\$ 6,242,671.20</b>

*Liabilities*

Capital stock.....	\$ 3,000,000.00	\$ 3,000,000.00
Funded debt unmatured.....	450,000.00	450,000.00
Long term debt to affiliated companies.....	4,596,037.42	4,851,769.54
Audited accounts and wages payable.....	21,139.31	16,582.51
Miscellaneous accounts payable.....	1,073.42	3,749.45
Matured interest, dividends and rents unpaid.....	45,000.00	67,500.00
Accrued interest, dividends and rents payable.....	11,250.00	11,250.00
Other current liabilities.....	35.87	2,363.82
Tax liability.....	6,990.00	7,421.94
Accrued depreciation—road and equipment.....	26,791.77	31,426.59
Operating reserves.....	1,545.26	5,238.89
Other unadjusted credits.....	177.66	1,448.05
Total corporate deficit.....	1,925,326.59	2,206,080.57
<b>Totals</b> .....	<b>\$ 6,234,714.12</b>	<b>\$ 6,242,671.22</b>
<i>Income Account</i>		
Railway operating revenues.....	\$ 65,726.30	\$ 80,582.13
Railway operating expenses.....	94,913.17	96,061.15
Net deficit from railway operations.....	\$ 29,186.87	\$ 15,479.02
Taxes assignable to railway operations.....	7,323.34	6,294.33
Operating deficit.....	\$ 36,501.21	\$ 21,773.35
Nonoperating income.....	26.00	29.50
Gross deficit.....	\$ 36,484.21	\$ 21,743.85
<i>Deductions from Gross Income:</i>		
Interest on funded and unfunded debt.....	\$ 250,686.02	\$ 263,242.36
Other deductions.....	1,064.42	696.49
Total deductions from gross income.....	\$ 251,750.44	\$ 263,938.85
Deficit balance transferred to profit and loss.....	\$ 288,234.65	\$ 285,682.70
<i>Profit and Loss Account:</i>		
Debit balance at beginning of year.....	\$ 1,508,981.71	\$ 1,925,859.40
Debit balance from income account.....	288,234.65	285,682.70
Loss on road and equipment retired.....	144,809.34	
Other debits.....	546.49	
Total debits.....	\$ 1,942,072.19	\$ 2,211,542.10
Miscellaneous credits.....	\$ 16,212.79	\$ 4,928.72
Debit balance carried to balance sheet.....	1,925,859.40	2,206,613.38
Total credits.....	\$ 1,942,072.19	\$ 2,211,542.10

**Walla Walla Valley Railway Company**

Organized April 30, 1910, under laws of State of Oregon, succeeding Walla Walla Valley Traction Company, organized May 17, 1905, under laws of State of Washington.

Principal Business Office: Spalding Building, Portland, Ore.

Principal Officers: President, Guy W. Talbot, Portland, Ore.; Vice President, J. E. Davidson, Portland, Ore.; Vice President, E. W. Hill, New York, N. Y.; Vice President and General Manager, C. S. Walters, Walla Walla, Wash.; Secretary-Treasurer, Geo. F. Nevins, Portland, Ore.

Controlled by Pacific Power & Light Company through stock ownership.

**FINANCIAL STATISTICS**

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....	\$	1,004,498.86	\$ 1,008,750.15
Deposits in lieu of mortgaged property sold.....		800.00	
Cash.....		5,784.05	12,105.71
Miscellaneous accounts receivable.....		456.47	111.05
Material and supplies.....		18,424.96	16,985.02
Other current assets.....		500.00	705.75
Discount on funded debt.....		2,592.85	2,400.79
Other unadjusted debits.....		7.97	53.35
<b>Totals</b> .....	<b>\$</b>	<b>1,033,065.16</b>	<b>\$ 1,041,111.82</b>

<i>Liabilities</i>		
Capital stock.....	\$ 500,000.00	\$ 500,000.
Funded debt unmatured.....	463,000.00	463,000.
Loans and notes payable.....	43,383.34	46,300.
Audited accounts and wages payable.....	2,127.48	5,139.
Miscellaneous accounts payable.....	2,284.81	5,920.
Matured interest, dividends and rents unpaid.....	11,576.00	11,575.
Tax liability.....	7,044.31	7,966.
Insurance and casualty reserves.....	12,348.39	10,749.
Operating reserves.....	293.03	100.
Accrued depreciation—road and equipment.....	5,572.48	7,801.
Other unadjusted credits.....	30.00	12.
Total corporate surplus or deficit.....	D 14,593.68	D 17,452.
<b>Totals.....</b>	<b>\$ 1,033,065.16</b>	<b>\$ 1,041,111.</b>
<i>Income Account:</i>		
Railway operating revenues.....	\$ 107,515.72	\$ 112,474.
Railway operating expenses.....	84,415.22	80,872.
Net revenue from railway operations.....	\$ 23,100.50	\$ 31,602.
Taxes assignable to railway operations.....	7,796.45	7,641.
<b>Gross income.....</b>	<b>\$ 15,304.05</b>	<b>\$ 23,960.</b>
<i>Deductions from Gross Income:</i>		
Interest on funded debt.....	\$ 23,150.00	\$ 23,150.
Interest on unfunded debt.....	2,451.05	3,477.
Amortization of discount on funded debt.....	192.06	192.
<b>Total deductions from gross income.....</b>	<b>\$ 25,793.11</b>	<b>\$ 26,819.</b>
<b>Deficit balance to profit and loss.....</b>	<b>\$ 10,489.06</b>	<b>\$ 2,859.</b>
<i>Profit and Loss Account:</i>		
Credit balance at beginning of year.....	\$ 154.82	.....
Debit balance carried to balance sheet.....	14,593.68	17,452.
<b>Total credits.....</b>	<b>\$ 14,748.50</b>	<b>\$ 17,452.</b>
Debit balance at beginning of year.....	.....	\$ 14,593.
Debit balance from income.....	\$ 10,489.06	2,859.
Other debits.....	4,259.44	.....
<b>Total debits.....</b>	<b>\$ 14,748.50</b>	<b>\$ 17,452.</b>

## Willamette Valley Southern Railway Company

Organized December 11, 1908, under laws of State of Oregon, as "Clackam Southern Railway Company," name changed January 24, 1914.

*Principal Business Office:* Oregon City, Oregon.

*Principal Officers:* President and General Manager, Grant B. Dimick, Oregon City, Ore.; Vice President, Geo. A. Harding, Oregon City, Ore.; Secretary, A. Eby, Oregon City, Ore.; Treasurer, W. A. Huntley, Oregon City, Ore.; Auditor, C. M. Baker, Oregon City, Ore.

Controlled by Portland Railway, Light & Power Company through trust

### FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Investment in road and equipment.....	\$	1,913,574.21	\$ 1,916,580.
Sinking funds.....			7,500.
Cash.....		3,956.74	4,181.
Loans and notes receivable.....		857.57	537.
Miscellaneous accounts receivable.....		1,209.27	1,293.
Material and supplies.....		3,723.78	3,381.
Other current assets.....		2,651.74	2,151.
Deferred assets.....		274.28	274.
Discount on funded debt.....		56,312.50	53,224.
<b>Totals.....</b>	<b>\$</b>	<b>1,982,560.09</b>	<b>\$ 1,989,075.</b>

*Liabilities*

Capital stock.....	\$ 1,181,500.00	\$ 1,181,500.00
Funded debt unmatured.....	750,000.00	750,000.00
Long term debts to affiliated companies.....	142,420.51	201,074.36
Audited accounts and wages payable.....	4,893.85	5,056.29
Matured interest, dividends and rents unpaid.....	22,990.00	33,662.50
Other current liabilities.....		583.52
Tax liability.....	4,845.99	5,323.52
Operating reserves.....		1,639.62
Accrued depreciation—road and equipment.....	5,151.50	7,869.14
Appropriated surplus.....	2,651.74	2,151.74
Profit and loss debit balance.....	131,893.50	199,685.05
<b>Totals</b> .....	<b>\$ 1,982,560.09</b>	<b>\$ 1,989,075.64</b>
<i>Income Account:</i>		
Railway operating revenues.....	\$ 62,165.17	\$ 81,850.97
Railway operating expenses.....	69,227.09	86,121.52
<b>Deficit from railway operations</b> .....	<b>\$ 7,061.92</b>	<b>\$ 3,270.53</b>
Taxes assignable to railway operations.....	4,800.00	5,311.92
<b>Operating deficit</b> .....	<b>\$ 11,861.92</b>	<b>\$ 8,582.47</b>
Nonoperating income.....	286.49	107.49
<b>Gross deficit</b> .....	<b>\$ 11,595.43</b>	<b>\$ 8,474.98</b>
<i>Deductions from Gross Income:</i>		
Interest on funded debt.....	\$ 45,000.00	\$ 44,932.50
Interest on unfunded debt.....	1,734.53	10,866.67
Amortization of discount on funded debt.....	2,550.00	2,526.63
Other deductions.....	577.50	1,279.77
<b>Total deductions from gross income</b> .....	<b>\$ 49,862.03</b>	<b>\$ 59,605.57</b>
<b>Deficit transferred to profit and loss</b> .....	<b>\$ 61,457.46</b>	<b>\$ 68,080.55</b>
<i>Profit and Loss Account:</i>		
Debit balance at beginning of year.....	\$ 70,601.68	\$ 131,893.50
Debit balance from income.....	61,457.46	68,080.55
Other debits.....		561.00
<b>Total debits</b> .....	<b>\$ 132,059.14</b>	<b>\$ 200,535.05</b>
Miscellaneous credits.....	\$ 165.64	\$ 850.00
Debit balance carried to balance sheet.....	131,893.50	199,685.05
<b>Total credits</b> .....	<b>\$ 132,059.14</b>	<b>\$ 200,525.05</b>

**SLEEPING CAR COMPANY****The Pullman Company**

Organized July 15, 1867, under act of the general assembly of the State of Illinois, as "Pullman's Palace Car Company." Name changed to "The Pullman Company" under provisions of a general law of Illinois entitled "An act relating to corporations," approved April 10, 1872.

**NATURE OF BUSINESS:**

Manufacture of railway equipment (none of which is done in Oregon); and furnishing to railway companies sleeping cars with berths and bedding for the accommodation of passengers therein. The latter is its only business in the State of Oregon.

*Main Office:* Chicago, Illinois.

*Principal Officers:* Chairman of the Board, Robert T. Lincoln, Chicago, Ill.; President, John S. Runnells, Chicago, Ill.; Vice President, Richmond Dean, Chicago, Ill.; Vice President, Le Roy Kramer, Chicago, Ill.; Vice President, Clive Runnells, Chicago, Ill.; Secretary, A. S. Weinsheimer, Chicago, Ill.; Treasurer, A. S. Cummins, Chicago, Ill.; Comptroller, L. S. Taylor, Chicago, Ill.; General Auditor, William Hough, Chicago, Ill.; General Manager, L. S. Hungerford, Chicago, Ill.; District Superintendent in Oregon, C. Lincoln, Portland, Ore.

Capital stock authorized.....\$120,000,000.00  
Capital stock outstanding.....117,106,100.00

## EXPRESS COMPANIES

### American Express Company

This company was organized under the common law of the State of New York, November 25, 1868, being a merger of a predecessor American Express Company organized March 18, 1850, and the Merchants' Union Express Company organized November 15, 1859. Each of the constituent companies was an unincorporated association organized under the common law of the State of New York. In 1891 the entire capital stock of the New England Despatch Company, a Massachusetts corporation, was acquired, and while its corporate existence still maintained it does not transact any business.

This company is not a corporation, but a voluntary partnership or association of individuals organized under articles of agreement between its members. It possesses no rights, privileges or franchises other than such as are enjoyed by a private individual or association of individuals.

*Principal Officers:* President, Geo. C. Taylor, 65 Broadway, New York, N. Y.; First Vice President, Frederick P. Small, 65 Broadway, New York, N. Y.; Vice President, Howard K. Brooks, 65 Broadway, New York, N. Y.; Vice President, Dixon S. Elliott, 65 Broadway, New York, N. Y.; Secretary, Frederick P. Small, 65 Broadway, New York, N. Y.; Treasurer, James F. Fargo, 65 Broadway, New York, N. Y.; Comptroller, Robert Mundie, 65 Broadway, New York, N. Y.

### Great Northern Express Company

Organized January 1, 1892, under the laws of the State of Minnesota; articles filed January 20, 1892.

*Principal Officers:* President, W. P. Kenney, St. Paul, Minn.; Vice President, Ronald Stewart, St. Paul, Minn.; Secretary and Treasurer, L. E. Katzbach, St. Paul, Minn.; Comptroller, G. R. Martin, St. Paul, Minn.; Auditor, L. Stenseth, St. Paul, Minn.; General Manager, Ronald Stewart, St. Paul, Minn.

### Northern Express Company

Organized June 4, 1906, under the laws of the State of New Jersey.

*Principal Officers:* President, J. M. Hannaford, St. Paul, Minn.; Vice President, Geo. H. Earl, New York, N. Y.; Secretary, R. H. Relf, St. Paul, Minn.; Treasurer, C. A. Clark, St. Paul, Minn.; Comptroller, H. A. Gray, St. Paul, Minn.; Auditor, E. V. Punnett, St. Paul, Minn.; General Manager, C. B. Cooper, St. Paul, Minn.

### Wells Fargo & Company

Organized February 5, 1866, as the Holladay Overland Mail & Express Company; name subsequently changed to Wells Fargo & Company. Organized in Colorado by an act entitled "An act to incorporate the Holladay Overland Mail & Express Company," approved February 5, 1866, and act supplemental thereto approved January 26, 1872.

The Pioneer Stage Company, the Overland Mail & Express Company, and Wells Fargo & Company were merged into the above Holladay Overland Mail & Express Company in 1866, and the change in name to Wells Fargo & Company occurred the same year.

The Holladay Overland Mail & Express Company was originally organized with a capital of \$3,000,000, which was increased to \$15,000,000 at the time of the merger later the same year. This capitalization was subsequently reduced to \$5,000,000, which amount is reported by the directors under oath as fully paid up. Existing records do not show whether paid up in cash, real estate, equipment or securities, and no person now living is able to give these details. Thirty thousand shares at a par value of \$3,000,000 were later issued at various times as advance payments on contracts. A further increase to \$24,000,000 was made by resolution of the stockholders at a meeting held for the purpose December 23, 1909.

*Principal Officers:* President, B. D. Caldwell, New York, N. Y.; Vice President, A. Christeson, San Francisco, Cal.; Vice President, E. A. Stedman, Chicago, Ill.; Secretary, C. H. Gardiner, New York, N. Y.; Treasurer, B. H. River, New York, N. Y.; Vice President and Comptroller, J. W. Newlean, Chicago, Ill.; General Manager, A. Christeson, San Francisco, Cal.; General Manager, E. A. Stedman, Chicago, Ill.

773,301.01

\$ 53,136,459.83	\$ 2,277,840.23	\$ 6,198,106.85	\$ 50,708,780.04
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2,051,078.00	198,085.62
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2,051,078.00	53,034.72	\$	5,185,754.81	19,247,514.65	198,085.66
1,085,612.95	186,294.90		399,118.96	8,978,504.62	10,000.00
14,381,229.74	2,076,576.04		268,966.96	5,901,489.82	
2,876,001.89	477,619.65			1,086,666.41	
18,372,490.91					
477,619.65					
1,083,641.87	2,450.48				

\$ 59,210,663.24	\$ 2,485,041.37	\$ 6,653,715.94	\$ 47,652,823.61
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\$ 17,249,000.00	\$ 1,000,000.00	\$ 5,000,000.00	\$ 23,967,400.00
28,322,877.99	685,072.21	446,996.37	16,274,530.25
11,948.90			

6,213,917.06	632,473.23	1,129,311.41	4,152,784.98
100,000.00	100,000.00		
832,053.15	982.07		33,429.73
5,621,412.48	46,153.56	77,408.16	2,682,212.67
959,453.66	20,380.30		572,465.98
11,948.90			

\$ 59,210,663.24	\$ 2,485,041.37	\$ 6,653,715.94	\$ 47,652,823.61
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\$ 382,726,537.64	\$ 4,667,299.45	\$ 4,138,030.21	\$ 88,972,055.32
9,537	91	759	10,239
97.00	78.80	78.60	98.00
1,369.93	307.59	344.85	1,361.14
2,103.66	1,647.22	1,627.35	16,346.18

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1900

Traffic expenses	General and miscellaneous	Railway tax accruals
\$ ..... 16,834.90 12.96 26,109.23 ..... 1,154.03 1,127.83 281.96 1,582.44	\$ 5,876.51 104,238.71 3,422.05 312,509.37 ..... 27,276.65 15,897.40 3,974.35 17,113.85	\$ 248.14 96,255.00 2,285.02 275,751.51 128.90 614.64 7,323.34 7,796.45 1,636.29 4,800.00
\$ 45,975.52	\$ 474,411.49	\$ 389,042.84

1900

Traffic expenses	General and miscellaneous	Railway tax accruals
\$ ..... 15,492.39 6.00 21,551.76 ..... 39.50 1,090.21 1,171.85 292.96 2,430.93	\$ 6,601.38 124,784.18 4,259.99 318,894.27 514.26 4,334.82 21,025.00 13,088.01 3,272.00 19,608.13	\$ 630.00 94,355.78 2,857.53 324,982.28 133.64 904.27 6,294.33 7,641.22 1,568.00 5,311.92
\$ 40,903.75	\$ 502,294.03	\$ 437,037.77







## APPENDIX II

## PART II

Contains Summary of Annual Reports of Electric, Water, Gas, Telephone and Telegraph Utilities

## ELECTRIC UTILITIES

Class A utilities are reported in detail as follows:

## California-Oregon Power Company

Organized December 15, 1911, under the laws of the State of California.

*Principal Office:* San Francisco, California.

*Principal Office in Oregon:* Medford,

*Cities or Towns Served:* Ashland (wholesale to city), Medford, Central Point, Gold Hill, Grants Pass, Jacksonville, Rogue River, Eagle Point, Phoenix, Talent, Tolo-Gold Ray, Prospect, Grave Creek, Wolf Creek, Glendale and several out of town points in Rogue River Division; Klamath Falls, Merrill and Bonanza, and several out of town points in Klamath Division, all in Oregon; as well as certain places in California.

*Joint Public Utility Service:* Electric and water service in Klamath Falls and Tolo, Oregon, and Dunsmuir, California.

*Principal Officers:* President, Joseph D. Grant, San Francisco, Cal.; Vice President, Jesse W. Churchill, Yreka, Cal.; Vice President, John D. McKee, San Francisco, Cal.; Vice President, A. J. Rosborough, San Francisco, Cal.; Secretary, J. C. Thompson, San Francisco, Cal.; Treasurer, John D. McKee, San Francisco, Cal.

## FINANCIAL AND GENERAL STATISTICS

<i>Income Account:</i>	1916	1917
Operating revenues .....	\$ 425,101.50	\$ 486,001.79
Operating expenses .....	297,601.59	390,545.27
Net operating revenue .....	\$ 127,499.91	\$ 95,456.52
Taxes assignable to operations .....	\$ 22,284.55	\$ 30,832.43
Uncollectible operating revenue .....	4,220.77	4,816.97
Total deductions .....	\$ 26,505.32	\$ 35,649.40
Operating income .....	\$ 100,994.59	\$ 59,807.12
Nonoperating revenues .....	1,005.14	1,914.65
Total gross income .....	\$ 101,999.73	\$ 61,721.77
<i>Deductions from Gross Income:</i>		
Interest on funded debt .....	\$ 284,800.00	\$ 284,800.00
Other interest deductions .....	404.29	3,296.77
Total deductions .....	\$ 285,204.29	\$ 288,096.77
Net loss for the year .....	\$ 183,204.56	\$ 226,375.00
Miscellaneous additions to surplus .....	38,217.32	3,450.29
Miscellaneous deductions from surplus .....	96,917.21	718.92
Deficit for the year .....	\$ 241,904.45	\$ 223,643.63
Deficit for the year .....	\$ 241,904.45	\$ 223,643.63
Deficit at beginning of the year .....	123,681.86	365,586.31
Total deficit at end of the year .....	\$ 365,586.31	\$ 589,229.94

<b>Balance Sheet:</b>		<b>Assets</b>	
Fixed capital .....		\$ 16,293,082.44	\$ 16,462,768.68
Investment securities .....		1,717,000.00	1,717,000.00
Working assets .....		154,920.12	430,613.41
Bond security deposit .....		1,179,000.00	1,172,000.00
Other deferred debit items .....		18,015.13	6,702.32
Corporate deficit .....		365,586.31	589,229.94
<b>Totals .....</b>		<b>\$ 19,727,604.00</b>	<b>\$ 20,378,314.35</b>
		<b>Liabilities</b>	
Capital stock outstanding .....		\$ 10,000,000.00	\$ 10,000,000.00
Funded debt .....		5,600,000.00	5,600,000.00
Working liabilities .....		584,236.64	786,870.26
Accrued liabilities not due .....		16,809.80	20,213.72
Underlying bonds .....		1,179,000.00	1,172,000.00
Reserve for accrued depreciation .....		344,607.82	541,398.19
Other deferred credit items .....		294,462.64	549,345.08
Capital surplus not available for distributions....		1,708,487.10	1,708,487.10
<b>Totals .....</b>		<b>\$ 19,727,604.00</b>	<b>\$ 20,378,314.35</b>
Total electric energy output during the year..		Not reported	50,490,623 k.w.h.
Total distributed in Oregon during the year....		28,320,710 k.w.h.	33,174,355 k.w.h.

## Eastern Oregon Light & Power Company

Organized April 21, 1909, under the laws of the State of Oregon. Consolidation of Baker Light & Power Company, Grande Ronde Electric Company, Fremont Power Company, and Elgin Light & Power Company.

**Principal Office:** Baker, Oregon.

**Cities or Towns Served:** Bourne, Rock Creek, Haines, Baker, North Powder, Union, Cove, Elgin, Imbler, Alicel, Island City, Summerville, Hot Lake, La Grande, Telocaset.

**Joint Public Utility Service:** Electric and gas service in Baker.

**Principal Officers:** President, Clement C. Smith, Milwaukee, Wis.; Vice President, Henry L. Rice, Milwaukee, Wis.; Vice President, John L. Rand, Baker, Ore.; Secretary and Assistant Treasurer, F. A. Harmon, Baker, Ore.; Treasurer and Assistant Secretary, Howard Greene, Milwaukee, Wis.; Auditor, J. P. Lottridge, Baker, Ore.; General Manager, F. A. Harmon, Baker, Ore.

### FINANCIAL AND GENERAL STATISTICS

<b>Income Account:</b>	1916	1917
Operating revenues .....	\$ 209,967.86	\$ 222,717.23
Operating expenses .....	90,236.06	106,967.90
<b>Net operating revenue .....</b>	<b>\$ 118,731.80</b>	<b>\$ 115,749.33</b>
Taxes assignable to operations .....	\$ 8,693.80	\$ 11,185.26
Uncollectible operating revenue .....	1,858.33	2,229.96
<b>Total deductions .....</b>	<b>\$ 10,552.13</b>	<b>\$ 13,365.22</b>
<b>Operating income .....</b>	<b>\$ 108,179.67</b>	<b>\$ 102,384.11</b>
<b>Nonoperating revenues .....</b>	<b>1,122.11</b>	<b>1,561.13</b>
<b>Total gross income .....</b>	<b>\$ 109,301.78</b>	<b>\$ 103,945.24</b>
<b>Deductions from Gross Income:</b>		
Interest on funded debt .....	\$ 72,000.00	\$ 72,000.00
Other deductions .....	7,645.06	7,375.93
<b>Total deductions .....</b>	<b>\$ 79,645.06</b>	<b>\$ 79,375.93</b>
<b>Net income for the year .....</b>	<b>\$ 29,656.72</b>	<b>\$ 24,569.31</b>
<b>Miscellaneous deductions from surplus .....</b>	<b>8,795.61</b>	<b>18,115.72</b>
<b>Surplus for the year .....</b>	<b>\$ 20,861.11</b>	<b>\$ 6,453.59</b>
<b>Surplus at beginning of the year .....</b>	<b>"</b>	<b>9,005.12</b>
<b>Surplus at end of year .....</b>	<b>\$ 9,005.12</b>	<b>\$ 15,458.71</b>

<b>Balance Sheet:</b>		<b>Assets</b>		
†Fixed capital .....		\$ 3,113,266.90	\$	3,128,107.18
Working assets .....		81,565.97		107,181.58
Deferred debit items .....		25,294.43		18,158.43
<b>Totals .....</b>		<b>\$ 3,220,127.30</b>	<b>\$</b>	<b>3,254,447.19</b>
		<b>Liabilities</b>		
Capital stock outstanding .....		\$ 1,841,900.00	\$	1,841,900.00
Funded debt .....		1,310,000.00		1,310,000.00
Working liabilities .....		8,940.51		15,288.19
Accrued liabilities not due .....		27,238.28		28,158.90
Reserve for accrued depreciation .....		21,611.58		38,447.19
Other deferred credit items .....		1,431.81		4,158.90
Corporate surplus .....		9,005.12		15,288.19
<b>Totals .....</b>		<b>\$ 3,220,127.30</b>	<b>\$</b>	<b>3,254,447.19</b>
<b>Total electric energy output during the year..</b>		<b>5,385,962 k.w. h.</b>		<b>10,005,150</b>

### Idaho Power Company

Organized May 6, 1915, under the laws of the State of Maine.

Principal Office: Boise, Idaho.

Principal Office in Oregon: Ontario.

Cities or Towns Served: Huntington, Ontario, Nyssa and Homestead, Or.  
in addition to places in other states.

Joint Public Utility Service: Electric and water service in Ontario (taken over by Ontario Water Company February 1, 1917).

Principal Officers: President, F. E. Johnson, Boise, Idaho; Vice President, Wm. T. Wallace, Boise, Idaho; Secretary, J. L. Eberle, Boise, Idaho; Treasurer, E. A. Wetmore, Boise, Idaho; Auditor, E. A. Wetmore, Boise, Idaho; General Manager, Wm. T. Wallace, Boise, Idaho.

#### FINANCIAL AND GENERAL STATISTICS

<b>Income Account:</b>		<b>Six Months Ended</b>	
		<b>Dec. 31, 1916, only</b>	<b>1915</b>
Operating revenues .....	\$ 594,044.62	\$	1,302,500.00
*Operating expenses .....	211,748.04		500,000.00
<b>Net operating revenue .....</b>	<b>\$ 382,296.58</b>	<b>\$</b>	<b>802,500.00</b>
Taxes assignable to operations .....	\$ 52,936.33	\$	162,477.19
Uncollectible operating revenue .....	30,311.34		47,158.90
<b>Total deductions .....</b>	<b>\$ 83,247.67</b>	<b>\$</b>	<b>210,636.09</b>
*Operating income .....	\$ 299,048.91	\$	592,500.00
Nonoperating revenues .....	31,694.74		66,447.19
<b>Total gross income .....</b>	<b>\$ 330,743.65</b>	<b>\$</b>	<b>658,947.19</b>
<b>Deductions from Gross Income:</b>			
Interest on funded debt .....	\$ 44,445.98	\$	329,000.00
Other interest deductions .....	53,185.34		61,447.19
Amortization of debt discount and expense .....	75,000.00		16,447.19
Miscellaneous deductions .....	95.79		15,288.19
<b>Total deductions .....</b>	<b>\$ 172,727.11</b>	<b>\$</b>	<b>408,190.37</b>
*Net income for the period .....	\$ 158,016.54	\$	250,000.00
Dividends paid on outstanding stock .....			47,158.90
	\$ 158,016.54	\$	203,000.00
<b>Miscellaneous additions to surplus .....</b>	<b>\$ 14,000.00</b>	<b>\$</b>	<b>111,158.90</b>
<b>Surplus for the period .....</b>	<b>\$ 172,016.54</b>	<b>\$</b>	<b>203,000.00</b>
<b>Surplus at beginning of the period .....</b>	<b>†</b>	<b>\$</b>	<b>111,158.90</b>
<b>*Surplus at end of year .....</b>	<b>\$ 111,757.01</b>	<b>\$</b>	<b>314,158.90</b>

\* Utility included no allowance for depreciation of plant and equipment operating expenses; hence its operating income and surplus are too large amount of the accruing depreciation.

† Unreported.

‡ Includes construction work in progress.

<i>Balance Sheet:</i>	<i>Assets</i>	Dec. 31 1916	Dec. 31 1917
Fixed capital .....		\$ 22,939,326.66	\$ 23,463,161.86
Construction work in progress .....		44,565.10	269,440.47
Investment securities .....		2,092,174.36	2,112,825.36
Cash .....		676,597.07	570,798.68
Material and supplies .....		169,000.99	258,451.53
Other working assets .....		518,124.06	889,910.55
Unamortized debt discount and expense .....		15,000.00	523,325.04
Other deferred debit items .....		20,528.38	24,830.09
<b>Totals .....</b>		<b>\$ 26,475,316.62</b>	<b>\$ 28,112,656.58</b>
	<i>Liabilities</i>		
Capital stock outstanding .....		\$ 15,700,000.00	\$ 15,700,000.00
Funded debt .....		4,365,500.00	8,509,801.32
Temporary bonds .....		3,000,000.00	-----
Other working liabilities .....		2,547,072.57	2,828,863.20
Accrued liabilities not due .....		82,030.07	103,393.93
Reserve for reconstruction .....		476,502.69	448,578.88
Reserve for uncollectible accounts .....		180,117.43	193,135.02
Other deferred credit items .....		12,336.85	13,983.47
Corporate surplus .....		111,757.01	314,900.76
<b>Totals .....</b>		<b>\$ 26,475,316.62</b>	<b>\$ 28,112,656.58</b>
<hr/>			
Total electric energy output during the period	46,009,984 k.w.h.	112,719,000 k.w.h.	
Total distributed in Oregon during the period	4,521,341 k.w.h.	13,690,000 k.w.h.	

## Northwestern Electric Company

Organized July 14, 1911, under laws of the State of Washington.

Principal Office: San Francisco, Cal.

Principal Office in Oregon: Pittock Block, Portland.

Cities or towns Served: Portland; also Camas and Washougal, Wash.

Joint Public Utility Service: Electric and steam heat service in Portland.

Principal Officers: President, H. Fleishhacker, San Francisco, Cal.; Vice President, M. Fleishhacker, San Francisco, Cal.; Secretary, R. E. Wallace, San Francisco, Cal.; Treasurer, H. Fleishhacker, San Francisco, Cal.; Auditor, A. N. Cudworth, Portland, Ore.; Vice President and General Manager, W. E. Coman, Portland, Ore.

### FINANCIAL AND GENERAL STATISTICS

<i>Income Account:</i>	1916	1917
*Operating revenues—electric, Oregon .....	\$ 517,956.74	\$ 591,747.68
Operating revenues—steam, Oregon .....	94,777.94	130,722.06
Operating revenues—Electric, Washington .....	111,575.33	156,822.65
<b>Totals .....</b>	<b>\$ 724,310.01</b>	<b>\$ 879,292.39</b>
Operating expenses—electric, Oregon .....	\$ 153,501.44	\$ 261,797.23
Operating expenses—steam sales, Oregon .....	85,044.82	97,987.67
Operating expenses—electric, Washington .....	14,915.42	59,761.46
<b>Totals .....</b>	<b>\$ † 253,461.68</b>	<b>\$ † 419,546.36</b>
<b>Net operating revenue .....</b>	<b>\$ 470,848.33</b>	<b>\$ 459,746.03</b>
Taxes assignable to operations .....	\$ 64,317.11	\$ 101,735.88
Uncollectible operating revenue .....	10,728.98	9,269.79
<b>Total deductions .....</b>	<b>75,046.09</b>	<b>111,005.67</b>
<b>Operating income .....</b>	<b>\$ 395,802.24</b>	<b>\$ 348,740.36</b>
<b>Nonoperating revenues, net .....</b>	<b>36,839.79</b>	<b>32,646.98</b>
<b>Total gross income .....</b>	<b>\$ 432,642.03</b>	<b>\$ 381,387.34</b>

\* Includes small item of revenue from sale of appliances.

† No allowance for depreciation of plant and equipment made in operating expenses for 1916 and \$100,000.00 for 1917; hence operating income and surplus are subject to these conditions.

*Deductions from Gross Income:*

Interest on funded debt .....	\$ 219,781.66	\$ 233.4
Other interest deductions .....	20,440.66	24.8
Amortization of debt discount and expense .....	215.02	2
<b>Total deductions .....</b>	<b>\$ 240,487.34</b>	<b>\$ 258.4</b>
†Net income for the year .....	\$ 192,204.69	\$ 122.8
Dividends paid on outstanding stock .....	\$ 88,497.35	\$ 106.9
Miscellaneous reductions of surplus .....	3,718.03	2.8
†Surplus for the year .....	\$ 99,989.31	\$ 13.0
Surplus at beginning of the year .....	127,273.09	227.2
†Surplus at end of year .....	\$ 227,262.40	\$ 240.3

*Balance Sheet:*

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Fixed capital .....		\$ 14,520,835.00	\$ 14,763.0
Construction work in progress .....		39,480.99	63.1
Property devoted to other operations .....		254,659.83	303.3
Investment securities .....		225,839.75	224.5
Cash .....		42,330.68	45.4
Material and supplies .....		50,997.24	81.2
Other working assets .....		530,527.20	626.8
Unextinguished discount on capital stock .....		325,808.00	328.9
Unamortized debt discount and expense .....		356,414.44	359.8
Other deferred debit items .....		30,637.23	29.6
Totals .....		\$ 16,442,750.56	\$ 16,852.5

*Liabilities*

Capital stock outstanding .....	\$ 11,764,000.00	\$ 11,783.5
Funded debt .....	3,750,000.00	3,929.0
Working liabilities .....	603,987.38	667.0
Accrued liabilities not due .....	96,608.30	126.8
Reserve for accrued depreciation .....	134.48	100.0
Other deferred credit items .....	858.00	5.8
Corporate surplus .....	227,262.40	240.3
<b>Totals .....</b>	<b>\$ 16,442,750.56</b>	<b>\$ 16,852.5</b>

Total electric energy output during the year.. Not reported 79,248,914 k.w.h.

Total distributed in Oregon during the year.. 27,168,460 k.w.h. Not reported

## Oregon Power Company

Organized October 14, 1910, under laws of the State of Oregon; controlled by the Mountain States Power Company.

*Principal Office:* Tacoma, Wash.

*Principal Office in Oregon:* Albany.

*Cities or Towns Served:* Albany, Eugene, Springfield, Corvallis, Dallas, Pendence, Monmouth, Junction City, Harrisburg, Halsey, Brownsville, Coquille, Shedd, Tangent, Philomath, Marshfield, North Bend, Coquille and Myrtle.

*Joint Utility Service:* Electric and water in Albany; electric and gas in Springfield, Marshfield and North Bend.

*Principal Officers:* President, E. R. Bryson, Eugene, Ore.; Vice President, Wm. C. McKenna, Chicago, Ill.; Secretary, Richard S. Smith, Eugene, Ore.; Treasurer and Auditor, A. L. Ingalls, Springfield, Ore.; General Manager, Clingerman, Tacoma, Wash.

† No allowance for depreciation of plant and equipment made in operating expenses for 1916 and \$100,000.00 for 1917; hence operating income and surplus are subject to these conditions.

## FINANCIAL AND GENERAL STATISTICS

<i>Income Account:</i>		1916	1917
Operating revenues .....	\$	411,734.83	\$ 423,608.48
*Operating expenses .....		230,512.34	238,132.89
Net operating revenue .....	\$	181,222.49	\$ 185,475.59
Taxes assignable to operations .....	\$	23,603.86	\$ 23,651.63
Uncollectible operating revenue .....		1,643.47	190.27
Total deductions .....	\$	25,247.33	\$ 23,841.90
*Operating income .....	\$	155,975.16	\$ 161,633.69
Nonoperating revenue .....		2,334.55	
*Total gross income .....	\$	158,309.71	\$ 161,633.69
Deductions from gross income, etc., unreported; handled by controlling company.			
<i>Balance Sheet:</i>			
<i>Assets</i>		1916	1917
Fixed capital .....	\$	1,659,291.76	\$ 1,758,986.72
Cash .....		11,702.04	5,303.55
Material and supplies .....		44,164.37	49,807.69
Other working assets .....		51,070.79	56,489.64
Deferred debit items .....		5,522.70	5,154.13
Totals .....	\$	1,771,751.66	\$ 1,875,741.73
<i>Liabilities</i>			
Capital stock outstanding .....	\$	10,000.00	\$ 10,000.00
Accounts payable to system utilities .....		1,710,412.94	1,803,447.54
Other working liabilities .....		26,076.69	35,299.45
Accrued liabilities not due .....		21,805.34	23,191.23
Deferred credit items .....		3,456.69	3,803.51
Totals .....	\$	1,771,751.66	\$ 1,875,741.73
Total electric energy output during the period †5,865,648 k.w.h. 12,048,298 k.w.h.			

## Pacific Power &amp; Light Company

Organized June 15, 1910, under laws of the State of Maine; controlled by the American Power & Light Company, New York, N. Y.

*Principal Office:* Spalding Building, Portland, Oregon.

*Cities and Towns Served:* Astoria, Flavel, Hammond, Warrenton, Gearhart, Seaside, Dufur, The Dalles, Freewater, Mosier, Oriley, Pendleton, and Hood River, in Oregon; also in Washington and Idaho.

*Joint Utility Service:* Electric and gas in Pendleton; street railway, electric and gas in Astoria.

*Principal Officers:* President, Guy W. Talbot, Portland, Ore.; Vice President, John A. Laing, Portland, Ore.; Vice President, Edw. Cookingham, Portland, Ore.; Treasurer, Geo. F. Nevins, Portland, Ore.; General Manager, L. A. McArthur, Portland, Ore.

## FINANCIAL AND GENERAL STATISTICS

<i>Income Account:</i>		1916	1917
Operating revenues .....	\$	1,392,190.06	\$ 1,556,121.64
*Operating expenses .....		628,366.77	642,575.77
Net operating revenue .....	\$	763,823.29	\$ 913,545.87
Taxes assignable to operations .....	\$	71,908.37	\$ 102,054.80
Uncollectible operating revenue .....		7,135.96	8,487.86
Total deductions .....	\$	79,044.33	\$ 110,542.66
*Operating income .....	\$	684,778.96	\$ 803,003.21
Nonoperating revenue .....		46,072.52	90,509.69
*Total gross income .....	\$	730,851.48	\$ 893,512.90

\* No allowance for depreciation of plant and equipment has been included in operating expenses; hence operating income is too large by amount of accruing depreciation.

† For six months ended December 31, 1916, only.



*Deductions from Gross Income:*

Interest on funded debt .....	\$ 366,125.01	\$ 375,
Other interest deductions .....	9,698.42	47,
Amortization of debt discount and expense .....	36,263.83	39,
<b>Total deductions .....</b>	<b>\$ 412,087.26</b>	<b>\$ 461,</b>
<b>*Net income for the year .....</b>	<b>\$ 318,764.22</b>	<b>\$ 432,</b>
Dividends paid on stock .....	\$ 280,000.00	\$ 341,
Miscellaneous additions to surplus .....	17,262.34	.....
Deduction from surplus for realized depreciation .....	70,000.00	†.....
<b>Deficit for the year .....</b>	<b>\$ 13,973.44</b>	<b>†.....</b>
Surplus at beginning of year .....	137,258.66	\$ 123,
<b>Surplus at end of year .....</b>	<b>\$ 123,285.12</b>	<b>†.....</b>

*Balance Sheet:*

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Fixed capital .....		\$ 15,635,312.92	\$ 16,007,
Construction work in progress .....		414,816.47	993,
Investment securities .....		969,050.00	967,
Cash .....		95,395.10	143,
Material and supplies .....		309,742.15	384,
Other working assets .....		300,048.04	378,
Accrued income not due .....		11,575.00	-----
Unamortized debt discount and expense .....		493,872.49	472,
Insurance and other reserve fund assets .....			786,
Other deferred debit items .....		15,249.13	59,
<b>Totals .....</b>		<b>\$ 18,245,061.30</b>	<b>\$ 20,192,</b>
	<i>Liabilities</i>		
Capital stock .....		\$ 10,100,000.00	\$ 10,300,
Funded debt .....		7,330,000.00	8,115,
Working liabilities .....		428,487.06	840,
Accrued liabilities not due .....		235,911.88	271,
Deferred credit items .....		27,377.24	11,
Surplus appropriated .....			23,
Corporate surplus unappropriated (see note above) .....		123,285.12	214,
<b>Totals .....</b>		<b>\$ 18,245,061.30</b>	<b>\$ 20,192,</b>
Total electric energy output during the year .....	Not reported		Not reported
Total distributed in Oregon during the year .....	12,081,840 k.w.h.		12,423,845

## Portland Railway, Light & Power Company

Organized June 28, 1906, under the laws of the State of Oregon, and recently consolidated the following companies: Oregon Water Power & Railway Company, Portland Railway Company, Portland General Electric Company, Mt. Hood Railway & Power Company.

*Principal Office:* Portland, Oregon.

*Cities and Towns Served:* Portland and vicinity, Salem, Woodburn, Silverton, Mt. Angel, Gervais, etc., and Vancouver, Wash.

*Joint Utility Service:* Electric power and light and urban and interurban railways in Portland and vicinity; electric and gas service in Salem.

*Principal Officers:* President, Franklin T. Griffith, Portland, Oregon; President, F. I. Fuller, Portland, Oregon; Secretary, G. L. Estabrook, Philadelphia, Pa.; Treasurer, C. N. Huggins, Portland, Oregon; Auditor, R. W. Shattuck, Portland, Oregon.

\* No allowance for depreciation of plant and equipment made in operating expenses for either year; hence operating income is subject to this condition.

† The sum of \$100,000.00 to cover realized depreciation was transferred to surplus on January 1, 1918.

## FINANCIAL AND GENERAL STATISTICS

<i>Income Account:</i>	1916	1917
Operating revenues.....	\$ 5,273,738.43	\$ 5,827,631.19
Operating expenses* .....	2,804,276.33	3,173,203.01
Net operating revenue.....	\$ 2,469,463.10	\$ 2,654,428.18
Taxes assignable to operations.....	\$ 545,895.81	\$ 582,961.10
Uncollectible operating revenue.....	13,077.88	13,840.34
Total deductions.....	\$ 558,973.69	\$ 596,801.44
Operating income*.....	\$ 1,910,489.41	\$ 2,057,626.74
Net non-operating revenue.....	165,372.26	148,251.99
Total gross income*.....	\$ 2,075,861.67	\$ 2,205,878.73
<i>Deductions from Gross Income:</i>		
Interest on funded debt.....	\$ 1,936,896.07	\$ 1,909,681.38
Other interest deductions.....	57,602.98	58,159.24
Amortization of debt discount and expense.....	118,405.76	49,474.04
Miscellaneous deductions from income.....	18,382.91	30,022.12
Total deductions.....	\$ 2,131,287.72	\$ 2,047,336.78
Net income for the year.....	\$ D 55,426.05	\$ 158,541.95
Miscellaneous deductions from surplus.....	\$ 58,111.52	\$ 209,276.89
Miscellaneous additions to surplus.....	90,271.23	95,408.23
Surplus for the year*.....	\$ D 23,266.34	\$ 44,673.29
Surplus at beginning of the year.....	535,251.39	511,985.05
Surplus at end of the year.....	\$ 511,985.05	\$ 556,658.34
<i>Electric Light and Power Department:</i>		
Operating revenues (Oregon) .....	\$ 1,886,546.06	\$ 1,984,561.41
Operating revenues (Washington) .....	73,638.86	79,279.71
Total operating revenues, this department....	\$ 1,960,184.92	\$ 2,063,841.12
Operating expenses (Oregon) .....	\$ 726,727.62	\$ 671,354.42
Operating expenses (Washington) .....	26,799.50	33,127.13
Total operating expenses,* this department..	\$ 743,527.12	\$ 704,481.55
New operating revenue, electric .....	\$ 1,206,657.80	\$ 1,359,359.57
Taxes assignable to operations (Oregon) .....	\$ 265,710.85	\$ 253,396.34
Taxes assignable to operations (Washington)....	2,370.18	2,552.60
Uncollectible revenue (Oregon) .....	12,512.99	13,120.36
Uncollectible revenue (Washington) .....	488.93	522.07
Total taxes and uncollectible revenue.....	\$ 281,082.95	\$ 269,591.37
Operating income,* electric department.....	\$ 925,574.85	\$ 1,089,768.20
<i>Balance Sheet:</i>		
<i>Assets</i>	1916	1917
Fixed capital.....	\$ 59,484,088.45	\$ 59,790,088.83
Construction work in progress.....	41,995.66	54,089.69
Advances to system utilities for construction, etc. ....	288,353.07	355,612.99
Investment securities.....	5,553,236.94	5,644,048.44
Cash .....	128,647.31	88,146.64
Special deposits.....	272,162.50	356,155.00
Material and supplies.....	490,887.90	485,862.85
Other working assets.....	642,127.65	677,755.90
Sinking fund assets.....	1,023,819.00	1,397,317.23
Unamortized debt discount and expense.....	344,302.58	257,436.81
Other deferred debit items.....	178,478.05	40,347.73
Totals .....	\$ 68,448,099.11	\$ 69,146,862.11

\* 15% of gross operating income for the year allotted for maintenance, renewals and depreciations.

	<i>Liabilities</i>	
Capital stock.....	\$ 20,000,000.00	\$ 21,250,000.
Funded debt.....	44,724,000.00	43,723,000.
Paving assessments.....	871,464.30	769,830.
Working liabilities.....	552,683.40	837,578.
Accrued liabilities not due.....	781,274.27	830,799.
Reserve for accrued depreciation.....	994,310.92	1,154,698.
Other deferred credit items.....	12,381.17	14,298.
Corporate surplus.....	511,985.05	556,658.
<b>Totals .....</b>	<b>\$ 68,448,099.11</b>	<b>\$ 69,146,862.</b>
Total electric energy output during the year,		
kilowatt hours .....	†100,388,937	218,803,747
Total distributed in Oregon during the year,		
kilowatt hours.....	Not reported	215,100,619

For recapitulation see insert facing this page.

## GAS UTILITIES

### Eastern Oregon Light & Power Company (BAKER GAS PLANT)

#### FINANCIAL AND GENERAL STATISTICS

For general data, see electric report.

Fixed capital, gas department, not segregated.

<i>Income Statement:</i>	1916	1917
Operating revenues from gas .....	\$6,076.95	\$6,249.
Operating revenues from rent of gas appliances.....	2.40	0.
Operating revenues from residuals and by-products.....	1,166.00	1,152.
<b>Totals .....</b>	<b>\$7,247.75</b>	<b>\$7,403.</b>
<i>Operating Expenses:</i>		
Production operation.....	\$3,624.22	\$4,305.
Production maintenance.....	53.30	872.
Distribution .....	606.60	74.
Utilization expenses.....	26.97	11.
General and miscellaneous expenses.....	618.30	605.
Undistributed expenses.....	44.27	28.
Amortization .....	800.04	800.
<b>Totals .....</b>	<b>\$5,773.70</b>	<b>\$6,698.</b>
Net operating revenue.....	\$1,474.05	\$ 705.
Taxes .....	\$ 456.78	\$ 300.
Operating income.....	\$1,017.27	\$ 405.
<i>Coal Gas Plant:</i>		
Gas manufactured, cubic feet .....	*1,914,600	3,538,600
Gas sold .....	*1,592,900	3,136,700
Gas unaccounted for .....	*321,700	401,900
Percentage of gas manufactured, unaccounted for .....	16.8	11.
Average daily production, cubic feet.....	10,405	9,722
Holder capacity, cubic feet.....	12,000	12,000
Daily generator capacity, cubic feet.....	20,000	20,000
Cost of coal at plant, per ton (2,000 pounds)....	\$ 6.45	\$ 7.
Yield per pound of coal, cu. ft.....	5.7	5.
Coke produced per ton of coal carbonized, lbs.	1,122	1,100
Coke used for bench fuel per ton of coal carbonized, lbs.....	458	489
Length of mains, feet.....	49,628	49,828
Average pressure at mains, inches of water.....	2.75	2.
Meters at end of year.....	188	197
Population of territory served.....	8,000	8,000

\* For six months ended December 31, 1916.





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Turner  
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Willam  
Yamhil  
Yaquina



## Oregon Gas &amp; Electric Company

Organized May 9, 1911, under the laws of the State of Arizona.

Principal Office: 718 Mission St., San Francisco, Cal.

Location of Plants: Phoenix, Grants Pass, Roseburg.

Cities and Towns Served: Ashland, Phoenix, Talent, Medford, Grants Pass, Roseburg.

Population of Territory Served: Twenty thousand.

Principal Officers: President, W. F. Boardman, San Francisco, Cal.; Secretary, J. F. Kathriner, San Francisco, Cal.; Treasurer, Geo. H. Eckert, San Francisco, Cal.; General Manager, Geo. H. Eckert, San Francisco, Cal.

## \*FINANCIAL AND GENERAL STATISTICS

Assets:	1916	1917
Permanent and long term investment .....	961,184.32	928,438.34
Working assets .....	20,068.09	21,261.10
Deferred debit items, other than corporate deficit, including \$460,000.00 treasury stock .....	461,600.17	.....
Corporate deficit .....	154,779.69	162,428.25
Total assets .....	\$ 1,597,632.27	\$ 1,112,127.69
Liabilities:		
Stock .....	1,000,000.00	519,000.00
Long term debt .....	400,000.00	386,000.00
Working liabilities .....	92,756.82	87,373.87
Accrued liabilities, not due .....	3,575.04	5,227.85
Deferred credit items, other than corporate surplus unappropriated .....	101,300.41	114,525.97
Total liabilities .....	\$ 1,597,632.27	\$ 1,112,127.69
Operating Revenue:		
Gas sales .....	\$ 37,170.74	\$ 51,950.36
Miscellaneous revenues from operation .....	421.84	682.51
Total operating revenues .....	\$ 37,592.58	\$ 52,632.87
Operating expenses:		
Production expenses .....	\$ 20,394.83	\$ 26,770.22
Distribution expenses .....	6,877.93	13,488.09
Utilization expenses .....	600.00	300.00
Commercial expenses .....	1,046.08	1,024.32
General and miscellaneous expenses .....	2,684.67	2,016.31
General amortization .....	12,000.00	12,000.00
Total operating expenses .....	\$ 45,242.59	\$ 56,098.94
Taxes assignable to operations (including interest and penalties) .....	\$ 3,025.89	\$ 3,840.00
Uncollectible operating revenue .....	782.70	220.26
Operating and gross income .....	\$ D 11,458.60	\$ D 7,584.78
Operating Statistics:		
Oil gas production—		
Gas produced during year, cu. ft. ....	27,802,000	33,190,000
Average daily production, cu. ft. ....	60,000	90,000
Maximum daily production, cu. ft. ....	80,000	110,000
Gas sold during year, cu. ft. ....	22,770,000	26,856,000
Gas unaccounted for in per cent of gas produced .....	18	18
Population of territory served .....	20,000	20,000
Population per mile of main .....	333	330
Cost of gas oil at plant, per gallon .....	.....	\$0.033
Gas yield per gallon of oil carbonized, cu. ft. ...	71	70
Generator fuel required per M cu. ft. produced, gallon .....	1.9	2.6

\* Statistics for 1918 cover period from August 1, 1915 to July 31, 1916.

Statistics for 1917 cover period from August 1, 1916 to December 31, 1917.



## Oregon Power Company

(Coos Bay Gas Plant)

## FINANCIAL AND GENERAL STATISTICS

For general data, see electric report.

	1916	1917
Fixed capital, gas plant .....	\$ 68,895.89	\$ 72,750.00
<i>Income Statement:</i>		
Operating revenues from gas .....	12,718.05	14,460.00
From rent of gas appliances .....		3.00
Gas merchandise and jobbing revenues .....	D 40.41	14.00
Sale of residuals and by-products .....	15.65	
Miscellaneous revenues .....	4,894.71	4,600.00
Totals .....	\$ 18,587.76	\$ 19,240.00
<i>†Operating Expenses:</i>		
Production expenses .....	\$ 5,830.65	\$ 8,140.00
Distribution expenses .....	1,232.58	2,400.00
Utilization expenses .....	136.08	17.00
Commercial expenses .....	1,090.54	1,070.00
General and miscellaneous expenses .....	2,518.25	2,600.00
Undistributed expenses .....	738.89	740.00
Amortization (including depreciation) .....		
Totals .....	\$11,546.99	\$15,140.00
Net operating revenue .....	\$ 7,040.77	\$ 4,090.00
Taxes .....	\$ 1,251.50	\$ 1,360.00
Uncollectible revenue .....	68.64	
†Operating income .....	\$ 5,720.63	\$ 2,720.00
<i>Oil Gas Plant:</i>		
Gas manufactured .....	*5,895,610 cu. ft.	12,840,310 cu. ft.
Gas sold .....	*4,534,200 cu. ft.	10,164,200 cu. ft.
Gas unaccounted for .....	*1,361,410 cu. ft.	2,676,110 cu. ft.
Percentage of gas manufactured unaccounted for .....	23.10	20.84
Average daily production .....	32,041 cu. ft.	38,000 cu. ft.
Holder capacity .....	30,000 cu. ft.	30,000 cu. ft.
Daily generator capacity .....	280,000 cu. ft.	280,000 cu. ft.
Cost of petroleum at plant, per gallon .....	\$ .026	\$ .026
Generator fuel per 1,000 cu. ft. ....		
Average B. T. U. per 1,000 cu. ft. ....	556	565
Length of mains .....	92,585 1/2 ft.	93,155 ft.
Average pressure .....	4 inch water	4 inch water
Meters at end of year .....	533	594
Population of territory served .....	7,500	7,500
(Eugene Gas Plant)		
Fixed capital, gas plant .....	\$326,300.08	\$326,800.00
<i>Income Statement:</i>		
Operating revenues from gas .....	\$ 34,255.62	\$ 34,510.00
Gas merchandise and jobbing revenue .....	413.23	2,850.00
Sale of residuals and byproducts .....	80.90	
Totals .....	\$ 34,749.75	\$ 36,910.00
<i>†Operating Expenses:</i>		
Production expenses .....	\$ 19,925.61	\$ 17,950.00
Transmission expenses .....	7.07	
Distribution expenses .....	1,711.44	1,200.00
Utilization expenses .....	1,039.29	700.00
Commercial expenses .....	3,084.82	2,700.00
General and miscellaneous expenses .....	3,904.55	4,700.00
Undistributed expenses .....	399.65	200.00
Amortization (including depreciation) .....		
Totals .....	\$130,072.43	\$127,650.00
Net operating revenue .....	\$ 4,677.32	\$ 9,260.00
Taxes .....	\$ 2,940.06	\$ 2,950.00
Uncollectible revenue .....	128.43	
†Operating income .....	\$ 1,608.83	\$ 6,260.00

\* For six months ended December 31, 1916.

† No allowance for depreciation of plant and equipment, hence operating income is too large by the amount of the accruing depreciation.

<b>Water Gas Plant:</b>		
Gas manufactured .....	*15,405,050 cu. ft.	29,115,489 cu. ft.
Gas sold .....	*13,542,000 cu. ft.	26,854,000 cu. ft.
Gas unaccounted for (Includes company use) ..	*1,863,050 cu. ft.	2,261,489 cu. ft.
Percentage of gas manufactured unaccounted for .....	12.0	7.7
Average daily production .....	83,720 cu. ft.	110,000 cu. ft.
Holder capacity .....	170,000 cu. ft.	170,000 cu. ft.
Daily generator capacity .....	250,000 cu. ft.	250,000 cu. ft.
Cost of gas oil per gallon at plant .....	\$ .0478	\$ .04833
Generator fuel per 1,000 cu. ft. ....	36 lbs. coke	50 lbs. coke
Average B. T. U. per cu. ft. ....	604	603
Length of mains .....	162,965 ft.	162,965 ft.
Average pressure .....	4.2 inch water	4.2 inch water
Meters at end of year .....	1,518	1,678
Population of territory served .....	15,000	15,000

## Pacific Power & Light Company

(Astoria Gas Plant)

### FINANCIAL AND GENERAL STATISTICS

For general data, see electric report.

	1916	1917
Fixed capital, gas plant .....	Not segregated	
<b>Income Statement:</b>		
Operating revenues from gas .....	\$ 17,702.02	\$ 21,739.84
Gas merchandise and jobbing revenue .....	481.28	437.59
Sale of residuals and byproducts .....		1,146.00
<b>Totals .....</b>	<b>\$ 18,183.26</b>	<b>\$ 23,323.43</b>
<b>†Operating Expenses:</b>		
Production expenses .....	\$ 8,396.01	\$ 10,648.52
Distribution expenses .....	1,157.18	1,479.61
Utilization expenses .....	31.87	CR. 124.25
Commercial expenses .....	2,899.28	2,927.75
General and miscellaneous expenses .....		107.04
Undistributed expenses .....	296.66	68.05
Amortization (including depreciation) .....		
<b>Totals .....</b>	<b>\$ 12,781.00</b>	<b>\$ 15,106.72</b>
<b>Net operating revenue .....</b>	<b>\$ 5,402.26</b>	<b>\$ 8,216.71</b>
<b>Taxes .....</b>	<b>\$ 2,024.13</b>	<b>\$ 1,477.35</b>
<b>Uncollectible revenue .....</b>	<b>93.24</b>	<b>128.74</b>
<b>†Operating income .....</b>	<b>\$ 3,284.89</b>	<b>\$ 6,610.62</b>

<b>Oil Gas Plant:</b>		
Gas manufactured .....	14,934,800 cu. ft.	16,924,970 cu. ft.
Gas sold .....	11,981,000 cu. ft.	14,550,600 cu. ft.
Gas used by company .....	Not reported	236,400 cu. ft.
Gas unaccounted for .....	2,953,800 cu. ft.	2,137,970 cu. ft.
Percentage of gas manufactured unaccounted for .....	19.8	12.6
Average daily production .....	40,917 cu. ft.	50,000 cu. ft.
Holder capacity .....	40,000 cu. ft.	35,000 cu. ft.
Daily generator capacity .....	50,000 cu. ft.	100,000 cu. ft.
Cost of gas oil per gallon at plant .....	\$ .02	\$ .017
Generator fuel per 1,000 cu. ft. ....	Not reported	13.6 gal.
Yield per gallon of oil .....	80 cu. ft.	89 cu. ft.
Average B. T. U. per cu. ft. ....	600	Not reported
Length of mains .....	51,988 ft.	56,695 ft.
Average pressure .....	Level 2 1/4 inch.	Level 2 1/4 inch.
Meters at end of year .....	Hill 4 inch water	Hill 4 inch water
Population of territory served .....	720	767
	17,000	20,200

\* For six months ended December 31, 1918.

† No allowance made for depreciation of plant and equipment, hence operating income is too large by the amount of the accruing depreciation:

(Pendleton Gas Plant)		Not segregated
Fixed capital, gas plant .....		
<i>Income Statement:</i>		
Operating revenues from gas .....	\$ 22,008.05	\$ 25,000.00
Gas merchandise and jobbing revenue .....	311.14	311.14
Sale of residuals and byproducts .....	4,488.84	5,311.14
Miscellaneous other revenue .....	180.00	180.00
Totals .....	\$ 26,988.03	\$ 30,802.28
†Operating Expenses:		
Production expenses .....	\$ 11,014.61	\$ 12,800.00
Distribution expenses .....	1,305.21	1,700.00
Utilization expenses .....	58.22	58.22
Commercial expenses .....	1,831.65	2,300.00
General and miscellaneous expenses .....	304.72	1,000.00
Undistributed expenses .....	162.10	162.10
Amortization (including depreciation) .....		
Totals .....	\$ 14,676.51	\$ 17,100.00
Net operating revenue .....	\$ 12,311.52	\$ 13,702.28
Taxes .....	\$ 868.14	\$ 1,600.00
Uncollectible revenue .....	116.50	116.50
†Operating income .....	\$ 11,326.98	\$ 11,948.78
<i>Coal Gas Plant:</i>		
Gas manufactured .....	12,152,200 cu. ft.	13,869,700 cu. ft.
Gas sold .....	11,330,200 cu. ft.	12,772,000 cu. ft.
Gas used by company .....	Not reported	189,600 cu. ft.
Gas unaccounted for .....	822,000 cu. ft.	908,100 cu. ft.
Percentage of gas manufactured unaccounted for .....	6.7	6.5
Average daily production .....	33,294 cu. ft.	35,000 cu. ft.
Holder capacity .....	20,000 cu. ft.	20,000 cu. ft.
Daily generator capacity .....	40,000 cu. ft.	40,000 cu. ft.
Cost of coal per ton at plant .....	\$4.80	\$5.00
Yield per pound of coal .....	5.4 cu. ft.	5.5 cu. ft.
Average B. T. U. per cu. ft. ....	612	620
Length of mains .....	50,543 ft.	52,672 ft.
Average pressure .....	3 1/2 inch water	3 1/2 inch water
Meters at end of year .....	805	932
Population of territory served .....	5,000	7,150

## Portland Railway, Light & Power Company

(Salem Gas Plant)

### FINANCIAL AND GENERAL STATISTICS

For general data, see electric report.

	1916	1915
Fixed capital, gas plant (Commission's findings) .....	\$211,797.24	\$215,600.00
<i>Income Statement:</i>		
Operating revenues from gas .....	\$ 27,511.56	\$ 29,600.00
Gas merchandise and jobbing revenue .....	504.48	400.00
Sale of residuals and byproducts .....	8,154.54	8,800.00
Totals .....	\$ 36,170.58	\$ 38,800.00
<i>Operating Expenses:</i>		
Production expenses .....	\$ 21,692.11	\$ 22,800.00
Transmission expenses .....	107.76	100.00
Distribution expenses .....	1,630.34	2,100.00
Utilization expenses .....	640.62	500.00
Commercial expenses .....	2,894.87	1,900.00
General and miscellaneous expenses .....	3,363.49	2,900.00
Undistributed expenses .....	318.38	200.00
Amortization (including depreciation) .....	792.62	1,800.00
Totals .....	\$ 31,440.19	\$ 32,600.00
Net operating revenue .....	\$ 4,730.39	\$ 6,200.00

† No allowance made for depreciation of plant and equipment, hence operating income is too large by the amount of the accruing depreciation.

Taxes .....	\$ 2,063.27	\$ 2,029.88
Uncollectible revenue .....	75.96	197.91
Operating income .....	\$ 2,591.16	\$ 4,077.57

**Coal Gas Plant:**

Gas manufactured .....	20,512,200 cu. ft.	24,549,600 cu. ft.
Gas sold .....	17,844,800 cu. ft.	19,250,000 cu. ft.
Gas used by company .....	20,200 cu. ft.	123,200 cu. ft.
Gas unaccounted for .....	2,647,200 cu. ft.	5,176,300 cu. ft.
Percentage of gas manufactured unaccounted for .....	12.6	21.1
Average daily production .....	55,100 cu. ft.	67,200 cu. ft.
Holder capacity .....	63,000 cu. ft.	63,000 cu. ft.
Daily generator capacity .....	90,000 cu. ft.	120,000 cu. ft.
Cost of coal per ton at plant (2,000 pounds)....	\$6.28	\$5.61
Yield per pound of coal .....	4.5 cu. ft.	4.9 cu. ft.
Average B. T. U. per cu. ft. ....	605	617
Coke produced per ton of coal carbonized.....	1.160 lbs.	1.160 lbs.
Coke for bench fuel per ton of coal carbonized.....	381.2 lbs.	397.3 lbs.
Byproducts per ton of coal carbonized.....	Not reported	9.5 gals.
Amount of coal carbonized.....	Not reported	2,502.36 tons
Length of mains.....	177,349 ft.	185,644 ft.
Average pressure .....	3.3 inch water	3.3 inch water
Meters at end of year.....	1,306	1,380
Population of territory served.....	10,000	10,000

**Portland Gas & Coke Company**

Organized January 10, 1910, under the laws of the State of Oregon.

Controlled by the American Power & Light Company, New York, N. Y.

*Principal Office:* Portland, Oregon.

*Location of Plants:* Gasco Station and Portland.

*Cities and Towns Served:* Portland, Milwaukie, Gladstone, Oregon City, Gresham, Beaverton, Orenco, Hillsboro, Cornelius and Forest Grove in Oregon, and Vancouver in Washington.

*Other Corporations Owned:* Northwest Gas Equipment Company.

*Principal Officers:* President, Guy W. Talbot, Portland, Ore.; Vice President, John A. Laing, Portland, Ore.; Attorney, John A. Laing, Portland, Ore.; General Manager, Hilmar Papst, Portland, Ore.

**FINANCIAL AND GENERAL STATISTICS**

<i>Assets</i>		
	1916	1917
Fixed capital installed prior to July 1, 1913.....	\$ 9,760,472.25	\$ 9,661,542.62
Fixed capital installed since June 30, 1913.....	1,681,166.41	2,123,697.94
Construction work in progress.....	166,398.61	133,684.35
Investment securities .....	26,701.00	25,367.67
Total permanent and long term investments.....	\$ 11,634,738.27	\$ 11,944,292.58
Cash .....	\$ 8,329.04	\$ 6,797.68
Notes receivable .....	686.40	398.85
Accounts with system utilities.....	6,500.85	.....
Other accounts receivable.....	178,540.35	167,432.10
Material and supplies.....	100,568.68	162,079.34
Total working assets .....	\$ 294,625.32	\$ 336,707.97
Sinking fund assets .....	\$ .....	\$ 65,600.00
Prepayments .....	1,935.44	19,536.81
Unamortized debt discount and expenses.....	225,465.87	253,762.19
Other suspense .....	18,963.52	34,634.18
Total deferred debit items.....	\$ 246,364.83	\$ 373,533.18
Grand total assets.....	\$ 12,175,728.42	\$ 12,654,533.73

<i>Liabilities</i>		
Capital stock .....	\$ 5,000,000.00	\$ 5,000,000.00
Funded debt .....	6,314,000.00	6,560,000.00
<b>Total stock and funded debt.....</b>	<b>\$ 11,314,000.00</b>	<b>\$ 11,560,000.00</b>
Consumers' deposits .....	\$ 28,686.76	\$ 36.3
Notes payable .....		250.0
Amounts payable to system utilities.....		74.4
Miscellaneous accounts payable.....	73,227.07	64.6
Other current liabilities.....	59,241.63	64.6
<b>Total working liabilities.....</b>	<b>\$ 161,155.46</b>	<b>\$ 490.2</b>
Taxes accrued .....	\$ 106,926.87	\$ 141.3
Other accrued liabilities not due .....	156,951.81	12.9
<b>Total accrued liabilities not due.....</b>	<b>\$ 263,878.68</b>	<b>\$ 154.3</b>
Reserve for accrued depreciation .....	\$ 266,255.73	\$ 227.4
Insurance and casualty reserves .....	16,798.61	20.0
Corporate surplus unappropriated .....	153,639.94	202.5
<b>Total deferred credit items.....</b>	<b>\$ 283,054.34</b>	<b>\$ 247.4</b>
<b>Grand total liabilities .....</b>	<b>\$ 12,175,728.42</b>	<b>\$ 12,654,500.00</b>
<i>Operating Revenues:</i>		
Gas sales .....	\$ 1,170,902.85	\$ 1,261.5
Miscellaneous revenues from operations.....	161,889.69	130.0
<b>Total operating revenue .....</b>	<b>\$ 1,332,792.54</b>	<b>\$ 1,391.6</b>
<i>†Operating Expenses:</i>		
Production expense .....	\$ 293,882.31	\$ 315.0
Transmission expense .....	7,794.24	8.7
Distribution expense .....	37,419.49	44.3
Utilization expense .....	26,910.01	54.1
Commercial expense .....	107,275.47	117.0
General and miscellaneous .....	177,611.31	100.2
Undistributed expenses .....	4,626.19	4.1
General amortization .....		
<b>Total operating expense .....</b>	<b>\$ 595,519.02</b>	<b>\$ 643.6</b>
Taxes assignable to operations .....	\$ 117,228.54	\$ 139.9
Uncollectible operating revenue .....	8,056.14	8.6
<b>†Operating income .....</b>	<b>\$ 611,988.84</b>	<b>\$ 599.3</b>
Nonoperating revenues .....	\$ 7,560.96	\$ 12.0
Nonoperating revenue deductions .....	4,337.71	4.9
<b>Gross income .....</b>	<b>\$ 615,212.09</b>	<b>\$ 606.5</b>
<i>Deductions from Gross Income:</i>		
Interest deductions for funded debt.....	\$ 324,840.69	\$ 319.1
Other interest deductions.....		6.0
Loss on operations of others.....		10.7
<b>Net income .....</b>	<b>\$ 290,371.40</b>	<b>\$ 270.5</b>
<i>Disposition of Net Income for Year:</i>		
Dividends on outstanding stock.....	\$ 245,000.00	\$ 200.0
Miscellaneous deductions from surplus .....	910.32	21.6
<b>†Surplus for year .....</b>	<b>\$ 44,461.08</b>	<b>\$ 48.9</b>

† No allowance made for depreciation of plant and equipment, hence operating income is too large by the amount of the accruing depreciation.

**\*OPERATING STATISTICS***Crude Oil Gas Production:*

Gas produced during the period, cu. ft.....	*791,994,047	1,718,227,000
Average daily production, cu. ft.....	*4,304,000	4,707,000
Maximum daily production, cu. ft.....	*5,282,000	6,429,000
Gas sold during the period, cu. ft.....	*662,081,000	1,451,652,000
Gas unaccounted for in per cent of production.....	16.4	15.5
Gas sales per mile of main, cubic feet.....	724,500	1,525,000
Gas sales per mile of main.....	\$	1,590.00
Population per mile of main.....	320	420
Gallons of gas-making oil used.....		14,292,183
Gallons of heating oil used.....		913,925
Cost of oil per gallon at plant.....	\$ .01774	\$ .01774
Pounds of carbon produced per M gallons of oil carbonized.....	29.30	29.00
Cubic feet of gas produced per gallon of oil carbonized.....	114.77	113
Gallons of generator fuel per M. cubic feet of gas produced.....	.460	.520
Pressure in inches of water, maximum.....	6.0	6.0
Pressure in inches of water, minimum.....	2.0	3.5
B. T. U. per M. cubic feet, maximum monthly average.....	570.8	571.4
B. T. U. per M. cubic feet, minimum daily test.....	559.0	511.0
Feet of gas mains, transmission.....	64,325.7	64,325.7
Feet of gas mains, high pressure dist.....	1,720,708.8	2,281,436.0
Feet of gas mains, low pressure dist.....	3,050,301.0	3,072,911.0
Number of customers.....	45,517	50,063
Number of meters in use, prepay.....	5,628	5,891
Number of meters in use, ordinary.....	40,897	45,436

**TELEPHONE UTILITIES****Coos and Curry Telephone Company**

Class A and B companies detailed as follows:

Organized September 15, 1914, under the laws of the State of Oregon.

Principal Office: Marshfield, Oregon.

Principal Officers: President, Charles Hall, Marshfield, Ore.; Vice President, W. J. Phillips, Portland, Ore.; Secretary, Ernest C. Smith, Hood River, Ore.; Treasurer, Ernest C. Smith, Hood River, Ore.; General Manager, Charles Hall, Marshfield, Ore.

**FINANCIAL AND GENERAL STATISTICS**

<i>Balance Sheet:</i>	<i>Assets</i>	<i>1916</i>	<i>1917</i>
Total investment in fixed capital.....		\$184,971.13	\$195,634.84
Investment securities.....		10,000.00	203,562.02
Cash and deposits.....		819.61	4,179.26
Employees' working funds.....		250.00	350.00
Marketable securities.....		10,000.00	7,500.00
Bills receivable.....		56.29	737.63
Due from subscribers and agents.....		4,688.78	4,772.63
Miscellaneous accounts receivable.....		298.40	1,155.82
Material and supplies.....		8,401.16	15,575.91
Other current assets.....		35.00	56.00
Sinking fund assets.....			3,400.00
Prepayments.....		227.55	460.76
Unamortized debt discount and expenses.....		3,348.11	3,444.03
Other suspense.....		3,575.66	253.42
Grand total assets.....		\$213,096.03	\$245,447.38

\* Operating statistics for 1916 only six months period ended December 31, 1916.

<i>Liabilities</i>		
Capital stock.....	\$ 90,000.00	\$ 95
Funded debt.....	85,000.00	92
Bills payable.....	6,000.00	10
Audited vouchers and wages unpaid.....	2,513.74	2
Subscribers' deposits.....	278.38	
Miscellaneous accounts payable.....	1,536.47	1
Other current liabilities.....	3.70	
Taxes accrued.....	3,397.42	4
Other accrued liabilities not due.....	1,168.75	1
Reserve for accrued depreciation.....	20,914.72	29
Corporate surplus unappropriated.....	2,282.85	7
Grand total liabilities.....	\$213,096.03	\$245

## INCOME STATEMENT

<i>Telephone Operating Revenues:</i>		
Exchange service revenues.....	\$ 45,356.23	\$ 48
Toll service revenues.....	23,413.23	27
Miscellaneous revenues.....	1,067.07	
Total revenues.....	\$ 69,836.53	\$ 77
<i>Telephone Operating Expenses:</i>		
Maintenance expenses.....	\$ 17,431.83	\$ 18
Traffic expenses.....	15,105.39	15
Commercial expenses.....	5,204.87	6
General and miscellaneous expenses.....	6,760.58	8
Total expenses.....	\$ 44,502.67	\$ 49
Net telephone operating revenue.....	\$ 25,333.86	\$ 28
Uncollectible operating revenue.....	759.49	
Taxes assignable to operations.....	4,432.02	4
Operating income.....	\$ 20,142.35	\$ 23
Non-operating income.....	52.43	
Gross income.....	\$ 20,194.78	\$ 23
Rent and miscellaneous deductions.....	\$ 7,660.61	\$ 9
Interest deductions.....	4,563.04	5
Amortization of debt discount and expense.....	246.89	
Net income.....	\$ 12,470.54	\$ 15
Dividend appropriations from income.....	9,390.00	9
Balance to credit of corporate surplus.....	\$ 2,282.85	\$ 7
<i>Plant Statistics:</i>		
Number of central offices.....	9	
Main stations.....	2,071	2
P. B. X. stations.....	112	
Extension sets.....	114	

## Home Independent Telephone Company of La Grande

Organized January 14, 1907, under the laws of the State of Oregon.

Principal Office: La Grande, Oregon.

Principal Officers: President, J. C. Caviness; Vice President, W. J. Clifton; Secretary, S. B. Crowe; Treasurer, S. B. Crowe; General Manager, S. B. Crowe.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Total investment in fixed capital.....		\$230,421.15	\$241,114.15
Investment securities.....		3,000.00	
Cash and deposits.....		2,684.14	1
Bills receivable.....		30.00	
Due from subscribers and agents.....		923.45	1
Material and supplies.....		2,940.11	2
Sinking fund assets.....		143.43	
Unamortized debt discount and expense.....		1,455.86	1
Grand total assets.....		\$238,916.92	\$248,114.15

*Liabilities*

Capital stock.....	\$ 79,480.00	\$ 79,140.00
Funded debt.....	108,000.00	106,500.00
Bills payable.....	1,500.00	.....
Miscellaneous accounts payable.....	1,049.07	1,117.51
Taxes accrued.....	.....	289.22
Other accrued liabilities not due.....	1,387.50	1,368.75
Reserve for accrued depreciation.....	32,150.25	43,962.94
Corporate surplus unappropriated.....	15,350.10	16,428.68
Grand total liabilities.....	\$238,916.92	\$248,807.10

## INCOME STATEMENT

<i>Telephone Operating Revenues:</i>		
Exchange service revenues.....	\$ 42,939.56	\$ 47,893.88
Toll service revenues.....	14,161.37	16,931.94
Miscellaneous revenues.....	1,181.05	914.12
Total revenues.....	\$ 58,281.98	\$ 65,739.94

<i>Telephone Operating Expenses:</i>		
Maintenance expenses.....	\$ 20,795.69	\$ 23,501.55
Traffic expenses.....	11,362.95	13,544.22
Commercial expenses.....	4,692.03	6,199.72
General and miscellaneous expenses.....	4,102.03	4,424.28

Total expenses.....	\$ 40,952.70	\$ 47,669.72
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Net telephone operating revenue.....	\$ 17,329.28	\$ 18,070.22
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Uncollectible operating revenue.....	\$ 142.66	\$ 707.47
Taxes assignable to operations.....	2,964.60	3,140.00

Operating and gross income.....	\$ 14,222.02	\$ 14,222.75
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Rent and miscellaneous deductions.....	\$ 3,093.65	\$ 3,051.61
Interest deductions.....	6,041.03	5,435.99
Amortization of debt discount and expense.....	103.99	103.99

Net income.....	\$ 9,238.67	\$ 8,591.59
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Balance to credit of corporate surplus.....	\$ 4,983.35	\$ 5,631.16
Dividend appropriation from surplus.....	4,757.40	4,752.90

*Plant Statistics:*

Number of central offices.....	6	6
Main stations.....	2,008	2,187
P. B. X. stations.....	151	149
Extension sets.....	91	92

## Home Telephone &amp; Telegraph Company of Portland

Organized September 11, 1915, under the laws of the State of Oregon.

Principal Office: Portland, Oregon.

Principal Officers: President, none; Vice President, A. L. Mills, Portland, Oregon; Secretary and Manager, J. B. Middleton, Portland, Oregon; Auditor, J. C. Potter, Portland, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Fixed capital.....		\$ 5,419,938.89	\$ 5,418,973.47
Investment securities.....		160,010.00	148,625.00
Cash.....		19,165.12	30,789.02
Material and supplies.....		140,218.24	129,564.85
Other working assets.....		27,352.91	31,105.85
Unamortized debt discount and expense.....		16,927.48	8,912.48
Totals.....		\$ 5,977,835.69	\$ 6,029,356.27



<i>Liabilities</i>		
Capital stock.....	\$ 2,674,708.33	\$ 2,674,708.33
Funded debt.....	2,743,400.00	2,724,000.00
Working liabilities.....	230,959.81	346,461.00
Deferred credit items.....		119.22
Corporate surplus.....	328,767.55	164,961.00
<b>Totals .....</b>	<b>\$ 5,977,835.69</b>	<b>\$ 6,029,359.55</b>

## INCOME ACCOUNT

<i>Telephone Operating Revenues:</i>		
Exchange service revenues.....	\$ 233,934.14	\$ 247,631.00
Toll service revenues.....	3,297.98	3,881.00
Miscellaneous operating revenues.....	491.00	481.00
<b>Total revenues.....</b>	<b>\$ 237,723.12</b>	<b>\$ 252,000.00</b>
<i>Telephone Operating Expenses:</i>		
Maintenance expenses.....	\$ 48,582.23	\$ 159,901.00
Traffic expenses.....	36,916.46	38,021.00
Commercial expenses.....	15,395.99	28,251.00
General and miscellaneous expenses.....	21,104.05	25,561.00
<b>Total expenses*.....</b>	<b>\$ 121,998.73</b>	<b>\$ 251,744.00</b>
Net telephone operating revenues.....	\$ 115,724.39	\$ 25,256.00
Taxes assignable to operations.....	21,308.79	21,741.00
<b>Operating income*.....</b>	<b>\$ 94,415.60</b>	<b>D\$ 21,491.00</b>
Non-operating income.....	458.10	561.00
<b>Gross income.....</b>	<b>\$ 94,873.70</b>	<b>D\$ 20,930.00</b>
<i>Deductions From Gross Income:</i>		
Rent deductions.....	\$ 645.67	\$ 671.00
Interest on funded debt.....	136,175.01	136,201.00
Other interest deductions.....	6,015.83	6,001.00
<b>Total deductions.....</b>	<b>\$ 142,836.51</b>	<b>\$ 142,873.00</b>
<b>Net loss for the year.....</b>	<b>\$ 47,962.81</b>	<b>\$ 163,801.00</b>
<i>Plant Statistics: (Multnomah county, only)</i>		
Number of central offices.....	6	
Main stations.....	4,486	†.....
P. B. X. stations.....	2,665	2,361.00
Extension sets.....	926	†.....

## Northwestern Long Distance Telephone Company

Organized April 22, 1916, under the laws of the State of Oregon.

Principal Office: Portland, Oregon.

Principal Officers: President, F. H. Crosby; Vice President, C. W. Fullerton; Secretary, Jay Bowerman; Treasurer, F. H. Crosby; General Auditor, H. J. Rogers.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	1916	1917
Total investment in fixed capital.....		\$701,984.78	\$708,961.00
Investment securities.....		2,670.64	
Cash and deposits.....		10,089.42	12,351.00
Employees' working funds.....		334.80	631.00
Marketable securities.....			5,971.00
Due from subscribers and agents.....		9,415.14	13,081.00
Accounts receivable.....		1,613.66	1,351.00
Material and supplies.....		125.60	131.00
Prepayments.....		554.17	511.00
<b>Grand total assets.....</b>		<b>\$726,788.21</b>	<b>\$742,621.00</b>

\* No allowance made in operating expenses for depreciation of plant equipment.

† Incomplete report.

*Liabilities*

Capital stock.....	\$400,500.00	\$400,500.00
Funded debt.....	300,000.00	300,000.00
Bills payable.....	4,758.21	
Audited vouchers and wages unpaid.....	2,705.82	5,956.76
Taxes accrued.....	2,710.40	2,922.40
Other accrued liabilities not due.....	8,923.08	8,749.99
Reserve for accrued depreciation, etc. ....	7,361.24	20,262.48
Corporate surplus unappropriated.....	D 170.54	4,238.18
Grand total liabilities.....	\$726,788.21	\$742,629.81

**\*INCOME STATEMENT***Telephone Operating Revenues:*

Toll service revenues.....	\$ 61,228.91	\$124,983.62
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*Telephone Operating Expenses:*

Maintenance expenses.....	15,243.02	24,226.34
Traffic expenses.....	20,988.82	44,484.96
Commercial expenses.....	2,946.66	3,690.27
General and miscellaneous expenses.....	8,863.02	17,253.35
Uncollectible operating revenues.....	233.65	754.95
Taxes assignable to operations.....	2,810.40	3,357.86

Operating income.....	\$ 10,143.34	\$ 31,225.89
Non-operating income.....		190.10

Gross income.....	\$ 10,143.34	\$ 31,415.99
Rent and miscellaneous deductions.....	1,390.80	3,283.86
Interest deductions.....	8,923.08	15,312.91

Net income.....	\$D 170.54	\$ 12,819.22
Dividend appropriations from income.....		8,410.50

Balance to credit of corporate surplus.....	\$D 170.54	\$ 4,408.72
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*Plant Statistics:*

Number of central offices.....	2	2
Main stations.....		
P. B. X. stations.....		
Extension sets.....		

**The Pacific Telephone & Telegraph Company**

Organized January 2, 1907, under the laws of the State of California.

This company operates in the States of California, Oregon, Washington and Idaho.

*Principal Office:* San Francisco, Cal.

Controlled by American Telephone and Telegraph Co., through ownership of 71.73 per cent of preferred stock and 68.93 per cent of common stock.

*Principal Officers:* Chairman of Board of Directors, H. T. Scott, San Francisco, Cal.; President, S. E. McFarland, San Francisco, Cal.; Vice Presidents, H. D. Pillsbury and J. M. Quay, San Francisco, Cal.; Secretary, F. W. Eaton, San Francisco, Cal.; Treasurer, F. W. Eaton, San Francisco, Cal.; General Auditor, F. C. Phelps, San Francisco, Cal.; General Manager, J. C. Nowell, San Francisco, Cal.

\* Income for 1916 is for six months ended December 31, 1916, only.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	916	191
Total investment in fixed capital.....	\$ 95,898,751.25	\$ 90,288	
Construction work in progress.....	287,094.99	411	
Investment securities.....	6,355,321.78	14,116	
Advances to system corporations.....	2,078,181.30	1,947	
Miscellaneous investments.....	333,864.26	333	
Cash and deposits.....	635,762.32	526	
Employees' working funds.....	98,994.07	120	
Marketable securities.....		154	
Bills receivable.....	70,386.95	79	
Due from subscribers and agents.....	1,284,373.09	1,345	
Accounts receivable from system corporations.....	464,529.17	445	
Miscellaneous accounts receivable.....	73,127.03	134	
Matured interest and dividends.....	190,168.64	308	
Material and supplies.....	742,191.08	762	
Unmatured interest, dividends and rents receivable.....	105,038.27	107	
Sinking fund assets.....	225,115.39	269	
Prepayments.....	149,163.13	109	
Unamortized debt discount and expenses.....	1,945,275.42	1,832	
Other business.....	27,030.98	40	
<b>Grand totals</b> .....	<b>\$ 110,964,279.12</b>	<b>\$ 113,334</b>	

	<i>Liabilities</i>		
Total stocks.....	\$ 50,000,000.00	\$ 50,000	
Funded debt.....	40,802,000.00	40,512	
Advances from system corporations.....	3,900,000.00	5,300	
Bills payable.....		147	
Audited vouchers and wages unpaid.....	916,220.34	420	
Subscribers' deposits.....	221,359.06	186	
Accounts payable to system corporation.....	369,058.52	595	
Miscellaneous accounts payable.....	62,361.33	23	
Service billed in advance.....	5,003.61	11	
Taxes accrued.....	397,847.51	398	
Other accrued liabilities not due.....	499,972.94	629	
Reserve for accrued depreciation.....	12,615,173.50	13,878	
Insurance and casualty reserves.....	50,000.00	50	
Liability on account of provident funds.....	500,000.00	500	
Other deferred credit items.....	6,907.28	2	
Corporate surplus unappropriated.....	617,375.03	658	
<b>Grand totals</b> .....	<b>\$ 110,964,279.12</b>	<b>\$ 113,334</b>	

<i>Fixed Capital Installed:</i>			
Entire system.....	\$ 95,898,751.25	\$ 90,288	
Oregon.....	10,120,847.43	10,443	

<i>Income Statement—Entire System:</i>			
Telephone operating revenues.....	\$ 20,248,565.46	\$ 20,666	
Telephone operating expenses.....	14,591,146.97	15,173	
Uncollectible operating revenue.....	191,602.30	173	
Taxes assignable to operations.....	991,428.37	1,036	

Operating income.....	\$ 4,474,387.82	\$ 4,282	
Nonoperating income.....	464,690.56	451	

<b>Gross income</b> .....	<b>\$ 4,938,978.38</b>	<b>\$ 4,734</b>	
Rent and miscellaneous deductions.....	\$ 299,210.98	\$ 261	
Interest deductions.....	2,275,405.26	2,301	
Amortization of debt discount and expense.....	97,434.48	96	

<b>Net income</b> .....	<b>\$ 2,266,927.66</b>	<b>\$ 2,075</b>	
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Dividend appropriations for preferred stock.....	\$ 1,920,000.00	\$ 1,920	
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Balance to credit of corporate surplus.....	\$ 346,927.66	\$ 155	
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**Operating Revenues—Entire System:**

Exchange service revenues .....	\$ 15,490,117.33	\$ 15,055,314.55
Toll service revenues .....	5,297,581.98	6,196,526.57
Miscellaneous direct revenues .....	363,228.50	332,874.60
Licensee revenues—debit .....	<b>902,362.35</b>	<b>918,305.77</b>

<b>Totals .....</b>	<b>\$ 20,248,565.46</b>	<b>\$ 20,666,409.95</b>
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**Operating Revenue—State of Oregon:**

Exchange service revenues .....	\$ 1,766,706.40	\$ 1,894,806.43
Toll service revenues .....	511,872.42	714,637.51
Miscellaneous direct revenues .....	47,965.36	52,209.53
Licensee revenue—debit .....	<b>99,673.63</b>	<b>111,318.43</b>

<b>Totals .....</b>	<b>\$ 2,266,870.55</b>	<b>\$ 2,550,335.04</b>
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**Operating Expenses—Entire System:**

Maintenance expense .....	\$ 7,128,262.33	\$ 7,347,819.65
Traffic expenses .....	4,556,722.84	4,965,260.28
Commercial expenses .....	2,200,036.73	2,054,758.74
General and miscellaneous expense .....	706,125.07	805,890.28

<b>Total expenses .....</b>	<b>\$ 14,591,146.97</b>	<b>\$ 15,173,728.98</b>
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**Operating Expenses—State of Oregon:**

Maintenance expenses .....	\$ 956,359.88	\$ 1,089,182.13
Traffic expenses .....	543,903.42	730,299.99
Commercial expenses .....	270,592.56	288,269.47
General and miscellaneous expenses .....	87,553.71	89,705.19

<b>Total expenses .....</b>	<b>\$ 1,858,409.57</b>	<b>\$ 2,197,456.78</b>
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**Taxes Assignable to Operations:**

Entire system .....	\$ 991,428.37	\$ 1,036,406.89
State of Oregon .....	100,592.22	113,995.78

**Uncollectible Operation Revenue:**

Entire system .....	\$ 191,602.30	\$ 173,447.73
State of Oregon .....	16,537.60	12,276.03

**Plant Statistics:**

Number of central offices, entire system .....	588	605
Number of central offices, State of Oregon .....	81	82
Main stations, entire system .....	394,519	361,370
Main stations, State of Oregon .....	51,991	54,582
P. B. X. stations, entire system .....	114,698	101,294
P. B. X. stations, State of Oregon .....	11,717	12,577
Extension sets, entire system .....	47,003	44,661
Extension sets, State of Oregon .....	5,002	5,229

**RECAPITULATION OF CLASS C TELEPHONE COMPANIES  
FOR YEAR ENDED DECEMBER 31, 1916**

Name of Company and Principal Office in Oregon	Fixed Capital Installed Dec. 31, 1916	Capital Outstanding
Corvallis Independent Telephone Company, Corvallis....	\$ 94,979.85	\$ 17,300.00
Dallas Telephone Company, Dallas .....	28,154.81	25,000.00
Hillsboro Telephone Company, Hillsboro .....	23,973.57	12,600.00
Independent Telephone Company, Forest Grove.....	12,591.98	.....
Independent Telephone Company of Pilot Rock, Pilot Rock .....	15,855.28	7,700.00
Intermountain Telephone Company, Burns .....	65,315.54	9,700.00
Interurban Telephone Company, Silverton.....	12,689.28	12,600.00
Malheur Home Telephone Company, Ontario.....	81,706.61	44,200.00
McMinnville Local and Long Distance Telephone Company, McMinnville .....	42,966.18	29,600.00
Multnomah & Clackamas County Telephone Com- pany, Gresham .....	21,102.14	7,200.00
† Nevada, California and Oregon Telephone Com- pany, Lakeview .....	166,509.26	102,600.00
Newberg Telephone Company, Newberg.....	28,861.61	15,200.00
Oregon-Washington Telephone Company, Hood River.....	245,801.84	144,600.00
The Home Telephone and Telegraph Company of Southern Oregon, Medford .....	464,996.94	249,900.00
‡ Totals as reported .....	\$ 1,305,504.89	.....

\* Incomplete report. This account not shown.

† Has only long distance connection into Oregon at Lakeview. Other business outside this state.

‡ Depreciation allowance not included in operating expenses, or amount apparent.

‡ Totals are approximate only, due to incomplete reports.

**RECAPITULATION OF CLASS D TELEPHONE COMPANIES FOR YEAR  
ENDED DECEMBER 31, 1917**

Name of Company and Principal Office in Oregon	Fixed Capital Installed Dec. 31, 1917	Capital Outstanding
Corvallis Independent Telephone Company, Corvallis....	\$ 102,485.52	\$ 17,300.00
Dallas Telephone Company, Dallas .....	29,048.64	25,000.00
Hillsboro Telephone Company, Hillsboro .....	26,389.21	12,600.00
Independent Telephone Company, Forest Grove.....	11,712.49	.....
Independent Telephone Company of Pilot Rock, Pilot Rock .....	17,823.75	7,700.00
Intermountain Telephone Company, Burns .....	\$ 108,642.00	9,700.00
Interurban Telephone Company, Silverton.....	26,388.24	14,100.00
Malheur Home Telephone Company, Ontario.....	85,648.10	44,200.00
McMinnville Local & Long Distance Telephone Com- pany, McMinnville .....	43,505.63	29,600.00
Multnomah & Clackamas County Telephone Com- pany, Gresham .....	21,805.85	7,200.00
† Nevada, California and Oregon Telegraph and Tel- ephone Company, Lakeview .....	169,349.84	98,000.00
Newberg Telephone Company, Newberg.....	30,402.28	15,200.00
Oregon-Washington Telephone Co., Hood River.....	250,870.23	144,600.00
The Home Telephone and Telegraph Company of Southern Oregon, Medford .....	466,065.83	249,900.00
‡ Totals as reported .....	\$ 1,389,637.61	.....

† Only long distance connection into Oregon at Lakeview. Other business outside this state.

‡ Intermountain Telephone and Telegraph Company changed basis of capital accounts to conform to new valuation.

‡ Depreciation allowance not included in operating expenses, or amount apparent.

Outstanding Funded Debt	Telephone Operating Revenues	Telephone Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	Number of Subscribers
	\$ 20,680.96	\$12,383.52	\$ 1,389.21	\$ 6,908.23	\$ 6,908.23	1,826
\$ 2,500.00	12,538.02	8,981.67	442.13	3,114.22	444.89	734
9,750.00	12,861.59	9,404.84	509.90	2,946.85	942.86	706
	10,897.06	8,580.62	323.58	1,992.86	1,992.86	962
	9,359.22	7,821.81	63.18	1,475.23	1,460.17	247
	10,310.08	6,193.43	137.47	3,979.18	1,791.46	258
	9,098.42	6,115.00	239.02	2,644.40	1,516.74	602
	19,807.63	16,448.32	885.40	2,473.91	*	778
	13,123.80	7,908.24	529.17	4,686.39	2,222.14	676
	9,198.09	7,912.83	263.28	1,021.98	457.48	597
47,800.00	30,050.18	19,765.43	1,174.21	9,110.54	4,628.25	318
4,000.00	9,007.70	6,208.47	404.00	2,395.25	737.65	725
153,280.61	41,984.91	32,545.19	1,616.82	7,822.90	D 4,087.51	1,886
200,000.00	38,893.08	21,549.36	5,910.79	11,432.93	1,288.51	2,080
	\$247,810.74	\$171,818.73	\$ 13,888.16	\$ 62,004.87	.....	12,395

Funded Debt Outstanding	Telephone Operating Revenues	Telephone Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	Number of Subscribers
	\$ 21,084.24	\$ 19,359.92	\$ 1,519.76	\$ 204.56	\$ 204.56	1,793
\$ 1,500.00	13,201.34	9,711.77	575.83	2,913.74	509.18	681
9,750.00	13,064.03	11,099.01	455.82	1,508.30	D 412.39	714
	12,083.70	9,702.98	319.66	2,061.06	2,061.06	948
	10,199.53	7,982.65	79.20	2,137.68	2,137.68	307
56,208.82	14,359.84	7,581.44	672.20	6,606.20	2,109.50	262
	10,325.62	8,763.07	244.54	1,318.01	D 36.52	681
	20,924.07	17,774.55	1,080.00	2,069.52	D 439.45	816
	13,668.92	8,732.81	594.50	4,341.61	1,901.87	655
	10,976.46	7,081.83	291.65	3,602.98	1,554.98	653
50,300.00	33,711.84	22,327.98	1,289.29	10,094.57	5,214.40	407
4,000.00	10,557.13	5,829.49	410.88	4,316.76	2,661.07	769
151,626.85	42,224.40	28,753.11	2,284.14	10,728.04	D 2,514.39	1,974
200,000.00	39,705.32	22,125.20	3,252.55	14,457.13	3,180.05	2,082
	\$266,586.44	\$186,825.81	\$ 13,070.02	\$ 66,360.16	.....	11,973

### RECAPITULATION OF CLASS D TELEPHONE COMPANIES FOR YEAR ENDED DECEMBER 31, 1916

Name of Company and Principal Office in Oregon	Fixed Cost Install Dec. 31.
Amity Mutual Telephone Company, Amity.....	\$ 3,50
Aurora Mutual Telephone Company, Aurora.....	5,34
Bishar Telephone Company, Halfway.....	10,00
Butte Falls & Eagle Point Telephone Company, Eagle Point.....	4,18
Clatskanie Telephone Company, Clatskanie.....	3,60
Cloverdale Telephone Company, Cloverdale.....	6,50
Deschutes Mutual Telephone Company, Redmond.....	8,92
Drewsey Telephone Company, Drewsey.....	10,00
Dufur Local & Long Distance Telephone Company, Dufur.....	5,39
Estacada Telephone & Telegraph Company, Estacada.....	2,25
Haines Telephone Company, Haines.....	8,00
Home Telephone Company of Condon, Condon.....	3,50
Independence Telephone Company, Independence.....	26,87
Izee-Bear Valley Telephone Company, Izee.....	1,27
Klamath Telephone & Telegraph Company, Fort Klamath.....	20,00
Lakeview-Pine Creek Electric Company, Lakeview.....	10,00
Lebanon Mutual Telephone Company, Lebanon.....	*
Lyle Telephone Company, Lyle, Washington.....	5,35
Oregon City & Farmers' Independent Telephone Co., Oregon City.....	55,49
Pilot Butte Telephone Company, Prineville.....	2,38
Pioneer Telephone Company, Brownsville.....	1,00
Sheridan-Willamina Telephone Company, Sheridan.....	10,00
Tigardville Telephone Company, Tigardville.....	4,50
Tillamook County Telephone Company, Tillamook.....	12,25
Union County Telephone Company, Elgin.....	(No rep)
Western Telephone Company, Woodburn.....	20,90
Yamhill County Mutual Telephone Company, Dayton.....	1,20
†Yaquina Bay Telephone Company, Newport.....	17,51
† Totals as reported.....	\$259,95

\* Incomplete report. This account not shown.

† Totals are approximate only, due to incomplete reports.

### RECAPITULATION OF CLASS C TELEPHONE COMPANIES FOR YEAR ENDED DECEMBER 31, 1917

Name of Company and Principal Office in Oregon	Fixed Cost Install Dec. 31.
Amity Mutual Telephone Company, Amity.....	\$ 3,50
Aurora Mutual Telephone Company, Aurora.....	5,34
Bishar Telephone Company, Halfway.....	11,00
Butte Falls and Eagle Point Telephone Company, Eagle Point.....	4,93
Clatskanie Telephone Company, Clatskanie.....	3,50
Cloverdale Telephone Company, Cloverdale.....	6,50
Deschutes Mutual Telephone Company, Redmond.....	8,53
Drewsey Telephone Company, Drewsey.....	10,00
Dufur Local and Long Distance Telephone Company, Dufur.....	5,39
Estacada Telephone & Telegraph Company, Estacada.....	2,25
Haines Telephone Company, Haines.....	8,00
Home Telephone Company of Condon, Condon. (Report not received.)	
Independence Telephone Company, Independence.....	26,98
Independent Telephone Company, Pilot Rock.....	17,33
Izee-Bear Valley Telephone Company, Izee.....	1,27
Klamath Telephone & Telegraph Company, Fort Klamath.....	20,00
Lakeview-Pine Creek Electric Company, Lakeview.....	10,00
Lebanon Mutual Telephone Company, Lebanon.....	16,32
Lyle Telephone Company, Lyle, Wash.....	5,46
Oregon City & Farmers' Independent Telephone Co., Oregon City.....	55,95
Pilot Butte Telephone Company, Prineville.....	2,38
Pioneer Telephone Company, Brownsville.....	1,00
Sheridan-Willamina Telephone Company, Sheridan.....	10,00
Tigardville Telephone Company, Tigardville.....	4,50
Tillamook County Telephone Company, Tillamook.....	14,87
Union County Telephone Company, Elgin. (Report not received.)	
† Western Telephone Company, Woodburn.....	*
Yamhill County Mutual Telephone Company, Dayton.....	1,50
† Totals are reported.....	\$256,47

\* Incomplete report. This account not shown.

† Totals are approximate only, due to incomplete reports.

Capital Stock Outstanding	Telephone Operating Revenues	Telephone Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	Number of Subscribers
\$ 3,375.00	\$ 3,571.69	\$ 2,787.94	\$ 197.71	\$ 586.04	\$ 586.04	306
4,050.00	2,397.22	1,546.00	98.44	752.78	263.78	186
	3,850.00	750.00	50.00	3,050.00	3,050.00	215
3,000.00	3,270.05	2,995.90	37.35	236.80	224.40	201
	2,765.04	2,253.54	70.22	441.28		295
2,000.00	2,063.27	2,014.85	69.22	D 20.80	D 20.80	175
7,050.00	4,765.39	3,610.97	150.53	1,003.89	157.89	172
1,775.00	3,456.41	2,288.82	152.53	1,015.05	911.24	69
	3,065.00	1,957.00	74.41	1,033.59	1,033.59	313
10,000.00	2,833.73	2,124.64	125.46	583.63	D 1,637.00	282
	2,915.00	1,685.00	49.82	1,180.18	1,180.18	171
	3,070.52	2,340.00	103.09	627.43		183
4,700.00	4,701.86	4,744.43	395.38	D 437.95	D 834.05	602
1,080.00	632.84	568.39	48.74	1,571.00	D 84.29	23
11,450.00	6,480.95	3,441.96	139.31	2,899.68		80
500.00	4,900.00	4,570.00	56.26	273.74	273.74	191
4,105.00	8,234.27	6,219.53	181.61	1,833.13	1,681.13	782
2,900.00		1,768.00	49.79			128
2,700.00	5,396.99	4,351.81	627.76	417.92	417.92	256
2,000.00	2,304.25	1,955.27	43.18	305.78	209.78	328
	3,045.19	3,164.88	76.61	D 96.30	D 158.68	283
2,560.00	3,367.88	3,009.70	11.32	346.86	346.86	327
4,960.00	3,919.37	2,872.46	86.10	960.81	D 108.19	247
4,750.00	5,250.30	4,553.94	140.36	566.00	10.00	464
for 1916)						
5,000.00	6,972.02	6,429.43	644.30	D 101.71	D 421.71	431
2,031.50	4,514.74	3,778.34	89.44	646.96	646.96	261
18,100.00	722.10	551.02	347.09	D 176.07	D 176.07	258
	\$ 98,466.08	\$ 78,333.83	\$ 4,116.03			7,229

† Report for months of July and August. Property purchased by The Pacific Telephone & Telegraph Company, September 1, 1916.

Capital Stock Outstanding	Telephone Operating Revenues	Telephone Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	Number of Subscribers
\$ 3,375.00	\$ 4,346.27	\$ 4,094.14	\$ 1.08	\$ 161.05	\$ 161.05	306
3,375.00	2,876.19	2,760.14	87.17	28.88	28.88	177
	4,560.00	2,700.00	53.00	1,807.00	1,807.00	50
3,000.00	3,771.09	3,212.77	37.94	520.38	507.98	196
	3,272.73	2,875.61	97.12	300.00		297
2,000.00	2,566.44	2,436.30	81.37	48.77	48.77	186
7,125.00	6,325.13	4,479.04	91.86	1,754.23	838.93	189
1,775.00	2,792.58	1,398.11	154.96	1,239.51	1,008.38	50
	3,065.00	2,436.37	98.04	530.59	530.59	313
10,000.00	3,282.53	2,563.25	123.53	595.75	D 4.25	313
	3,594.00	2,209.00	51.47	1,333.53	1,333.53	181
4,700.00	8,865.91	7,743.00	421.10	701.81	D 52.86	593
7,750.00	10,199.53	7,982.65	79.20	2,137.68	2,137.68	307
1,080.00	617.79	557.76	17.10	42.93	42.93	21
	7,986.89	4,540.10	90.82	3,355.97	3,355.97	102
500.00	5,211.00	4,655.00	62.63	493.37	493.37	187
4,105.00	6,586.94	6,756.65	195.28	D 355.00	D 570.33	794
2,900.00	3,654.58	2,471.00	58.60	1,124.98	1,059.98	130
2,700.00	5,451.90	6,599.53	476.27	D 1,533.90	D 1,533.90	259
2,000.00	1,765.85	912.35	32.83	790.67	194.67	280
	3,529.60	3,191.52	62.72	275.36	275.36	285
3,210.00	6,890.26	6,287.72	72.93	529.61	529.61	371
4,960.00	4,297.95	3,297.27	125.01	875.67	D 200.33	258
4,750.00	6,233.53	5,773.50	173.75	286.28	D 278.12	484
	5,114.60	5,380.51	280.00	D 545.91	D 1,804.91	*
1,860.00	4,153.68	3,238.63	88.63	826.42	160.42	313
	\$121,011.97	\$100,491.92	\$ 3,194.41			6,642

† Western Telephone Company report incomplete and for period from January 1, 1917, to August 7, 1917, only. Remainder of year included in the Pacific Telephone and Telegraph Company report after purchase of property.



## RECAPITULATION OF CLASS E TELEPHONE COMPANIES

For year ended December 31, 1916

Name of company and location of principal office	Fixed line Dec.
Alsea Telephone Company, Alsea .....	\$ 1
Applegate Telephone Company, Provolt .....	2
Blue Mountain Toll Line, Spray .....	3
Bunting Telephone Company, Lakeview .....	†
Calapoola Telephone Company, Sutherlin .....	3
Canby Cooperative Telephone Association, Canby .....	1
*Chetco Southern Telephone Company, Harbor .....	1
Columbia Telephone Company, Corbett .....	1
Creswell Telephone Company, Creswell .....	1
Damascus Telephone Company, Damascus .....	1
*Dayville-Canyon Telephone Company, Mt. Vernon .....	1
Drain-Umpqua Telephone Company, Elkton .....	1
*Farmers' National Telephone Company, Tumalo .....	1
Firwood-Dover Telephone Company, Sandy .....	1
Galloway Telephone Company, Heppner .....	1
Glendale Telephone Company, Glendale .....	5
Halsey Mutual Telephone Company, Halsey .....	6
Home Telephone Company of Linnton, Linnton .....	6
*Juniper Telephone Company, Hereford .....	3
Kenwill Telephone Company, North Bend .....	3
Leslie, Mrs. Jennie, Helix .....	1
Malheur and Baker County Telephone Company, Malheur .....	1
Merrill Telephone & Telegraph Company, Merrill .....	1
Monroe Telephone Company, Monroe .....	1
Mosier Valley Telephone Company, Mosier .....	2
Mt. Angel Telephone Company, Mt. Angel .....	4
*Myrtle Creek Telephone Company, Myrtle Creek .....	1
Nehalem Telephone & Telegraph Company, Nehalem .....	3
Nehalem Mutual Telephone Company, Mist .....	2
Panhandle Cooperative Telephone Company, Halfway .....	2
*Parma Telephone Company, Parma, Idaho .....	12
St. Paul Mutual Telephone Company, St. Paul .....	5
Scholls Telephone Company, Scholls .....	1
Scio Mutual Telephone Company, Scio .....	1
Sherwood Telephone Company, Sherwood .....	4
Smock & Dailey, Holland .....	1
Southern Curry Telephone Company, Gold Beach .....	1
Turner Telephone Company, Turner .....	1
Waldport Telephone Company, Waldport .....	1
Wasco Southern Telephone Company, Antelope .....	7
Yachats Telephone Company, Yachats .....	1
Yamhill Mutual Telephone Company, Yamhill .....	2
†Totals, as reported .....	\$ 89

\* No report for 1916.

† Incomplete report.

‡ Totals are approximate only, due to incomplete reports.

Capital stock outstanding	Telephone operating revenues	Telephone operating expenses	Taxes	Operating income	Surplus or deficit for year	Number of customers
\$ 690.00	\$†.....	\$ 605.00	\$ 11.19	\$†.....	\$†.....	69
1,415.00	1,254.78	1,205.28	37.00	12.50	D 4.10	134
	475.00	325.00	8.25	141.75	141.75	15
†.....	732.39	316.20	53.35	362.84	362.84	8
†.....		927.00	21.86			77
2,750.00	2,712.18	2,696.72	73.67	D 58.21	D 58.21	340
1,560.00	1,149.24	1,263.56	66.54	D 170.86	D 170.86	94
	676.00	520.06	8.42	147.52	147.52	126
2,205.00	561.66	1,032.87	41.15	512.46	D 512.46	93
1,000.00	1,065.62	870.49	42.69	152.44	119.80	75
1,325.00	1,010.00	1,000.00	10.00			53
1,600.00	575.85	256.22	32.73	286.89	266.89	46
5,000.00	1,140.60	1,116.25	15.87	8.48	8.48	121
150.00	931.50	906.50	6.00	19.00	19.00	168
2,400.00	1,671.12	1,765.92	52.40	D 147.20	D 384.10	44
†.....	702.00	702.00				39
	1,350.00	660.00	10.80	609.20	609.20	59
†.....	524.68	286.73	26.31	211.64	24.64	38
2,200.00	461.28	470.20	45.98	D 54.90	D 93.06	38
890.00	1,304.87	1,136.81	33.73	134.33	106.23	92
1,540.00	1,480.57	1,271.75	34.34	174.48	126.28	73
4,075.00	918.10	779.66	48.51	89.93	89.93	107
†.....	339.44	286.88	33.29	19.27	19.27	40
3,000.00	1,180.70	1,351.80	36.40	D 207.50	D 207.50	59
2,075.00	†.....	899.10	18.00	†.....	†.....	110
†.....	727.66	636.61	17.25	73.80	73.80	77
5,985.00	6,676.69	5,760.83	122.55	793.31	493.31	362
	1,482.46	958.00	15.95	508.51	508.51	312
2,200.00	2,563.91	2,431.21	57.50	D 24.80	D 24.80	200
	614.25	340.75	21.55	251.95	251.95	59
3,285.00	1,839.24	1,696.35	76.91	65.98	15.74	70
1,606.00	858.91	709.76	32.48	118.67	102.78	107
	500.00	400.00	21.00	79.00	79.00	60
8,371.00	1,336.89	1,081.27	92.11	163.51	163.51	47
1,400.00	724.55	733.25	44.84	D 53.54	D 95.65	48
480.00	1,036.55	931.24	22.00	83.31	83.31	265
\$.....	\$ 40,578.69	\$ 36,431.28	\$ 1,292.62	\$.....	\$.....	3,728

## RECAPITULATION OF CLASS E TELEPHONE COMPANIES

For year ended December 31, 1917

Name of company and location of principal office	Fixed capital installed Dec. 31, 1916
Aalsea Telephone Company, Aalsea .....	\$ 1,000.00
Applegate Telephone Company, Provolt .....	2,100.00
Blue Mountain Toll Line, Spray .....	1,000.00
Bunting Telephone Company, Lakeview .....	3,084.02
Calapooia Telephone Company, Sutherlin .....	4,000.00
Canby Cooperative Telephone Association, Canby .....	3,500.00
Chetco Southern Telephone Company, Harbor .....	6,000.00
Columbia Telephone Company, Corbett .....	1,500.00
Creswell Telephone Company, Creswell .....	350.00
Damascus Telephone Company, Damascus .....	1,498.98
Dayville-Canyon Telephone Company, Mt. Vernon .....	2,500.00
Drain-Umpqua Telephone Company, Elkton .....	1,100.00
Farmers' National Telephone Company, Tumalo .....	†
Firwood-Dover Telephone Company, Sandy .....	739.04
Galloway Telephone Company, Heppner .....	1,554.15
Glendale Telephone Company, Glendale .....	5,500.00
Halsey Mutual Telephone Company, Halsey .....	300.00
Home Telephone Company of Linnton, Linnton .....	5,000.00
Juniper Telephone Company, Hereford .....	8,000.00
Kenwill Telephone Company, North Bend .....	4,000.00
Leslie, Mrs. Jennie, Helix .....	1,350.00
Malheur and Baker County Telephone Company, Malheur .....	1,184.00
Merrill Telephone & Telegraph Company, Merrill .....	1,998.70
Monroe Telephone Company, Monroe .....	1,500.00
Mosier Valley Telephone Company, Mosier .....	†
Mt. Angel Telephone Company, Mt. Angel .....	5,140.82
Myrtle Creek Telephone Company, Myrtle Creek .....	4,000.00
Nehalem Telephone & Telegraph Company, Nehalem .....	200.00
Nehalem Mutual Telephone Company, Mist .....	3,500.00
Panhandle Cooperative Telephone Company, Halfway .....	2,500.00
Parma Telephone Company, Parma, Idaho .....	12,000.00
St. Paul Mutual Telephone Company, St. Paul .....	197.09
Scholls Telephone Company, Scholls .....	12,000.00
Scio Mutual Telephone Company, Scio .....	300.00
Sherwood Telephone Company, Sherwood .....	6,000.00
Smock & Dalley, Holland .....	1,250.00
Southern Curry Telephone Company, Gold Beach .....	5,000.00
Turner Telephone Company, Turner .....	719.45
Waldport Telephone Company, Waldport .....	500.00
Wasco Southern Telephone Company, Antelope .....	6,500.00
Yachats Telephone Company, Yachats .....	1,364.00
Yamhill Mutual Telephone Company, Yamhill .....	1,609.25
† Totals, as reported .....	\$121,539.50

† Incomplete report.

† Totals are approximate only, due to incomplete reports.

Capital stock outstanding	Telephone operating revenues	Telephone operating expenses	Taxes	Operating income	Surplus or deficit for year	Number of customers
\$ 700.00	\$ 659.80	\$ 659.80	\$ 13.75	\$.....	\$.....	77
1,415.00	990.82	860.89	65.02	64.41	64.41	128
†.....	525.00	250.00	15.00	260.00	260.00	.....
2,275.00	701.46	265.70	51.71	384.05	384.05	8
†.....	1,002.00	814.00	21.73	166.27	166.27	72
2,930.00	1,234.64	1,121.08	51.32	62.24	62.24	359
5,000.00	1,260.00	1,004.00	119.67	136.33	136.33	58
1,560.00	1,644.29	2,102.44	15.91	D 474.08	D 474.08	88
.....	1,053.00	1,442.20	9.20	D 398.40	D 398.40	118
2,200.00	1,200.33	1,113.14	34.37	52.82	18.32	92
†.....	1,177.42	954.72	39.32	183.38	D 66.62	37
1,000.00	1,004.96	838.04	20.32	146.60	146.60	69
†.....	742.62	590.00	6.89	145.73	145.73	54
1,225.00	739.04	719.19	19.87	.....	.....	52
1,600.00	516.00	255.90	28.00	232.10	211.10	48
5,000.00	1,148.76	1,128.97	16.47	3.32	3.32	121
300.00	1,037.00	940.00	5.12	61.88	61.88	166
2,400.00	1,833.10	1,760.52	42.40	122.58	D 142.57	53
†.....	1,458.00	480.00	.....	978.00	978.00	85
3,305.00	587.89	521.85	20.00	46.04	.....	38
†.....	1,350.00	250.00	2.56	1,097.44	1,097.44	74
†.....	535.43	479.04	31.57	24.82	24.82	18
2,200.00	754.39	562.86	59.73	131.80	31.80	38
890.00	2,102.23	1,260.47	34.51	807.25	786.73	93
1,600.00	1,401.39	756.00	.....	.....	.....	70
4,175.00	2,485.29	1,825.61	38.79	620.89	620.89	119
.....	1,383.88	1,488.50	16.27	D 120.89	D 120.89	129
†.....	1,034.00	1,000.00	34.00	.....	.....	50
3,000.00	1,323.25	1,219.82	39.38	64.05	51.05	64
2,425.00	1,654.50	1,231.45	22.78	400.27	400.27	120
6,500.00	6,516.68	5,230.55	124.90	1,161.23	D 760.55	383
.....	648.99	591.62	16.28	41.09	41.09	77
5,985.00	7,086.87	6,279.87	105.27	701.73	660.73	395
.....	1,300.62	1,086.95	14.38	199.29	199.29	310
2,200.00	2,737.06	2,258.21	53.25	427.60	427.60	216
.....	630.00	372.55	21.56	235.89	235.89	74
3,285.00	2,200.00	2,200.00	80.00	.....	.....	68
†.....	849.49	694.64	24.81	130.04	130.04	95
.....	625.00	615.00	20.00	D 10.00	D 10.00	54
8,371.00	1,053.65	978.36	97.15	D 21.86	D 21.86	42
†.....	657.91	705.10	19.40	D 66.59	D 66.59	47
480.00	1,188.53	960.68	27.58	200.27	200.27	283
\$.....	\$ 60,084.79	\$ 49,867.72	\$ 1,480.24	\$.....	\$.....	4,537

## TELEGRAPH UTILITIES

## Postal Telegraph Company

Organized November 29, 1903, under laws of State of Oregon.

Principal Office: 126 Third Street, Portland, Oregon.

Principal Officers: President, O. F. Schulz, Portland, Ore.; Vice President, Edward Reynolds, 253 Broadway, New York; Secretary, D. E. Ross, Portland, Ore.; Treasurer, Jos. J. Cardova, 253 Broadway, New York.

## FINANCIAL AND GENERAL STATISTICS

Balance Sheet:	Assets	1916	1917
Plant and equipment .....		\$ 10,000.00	\$ 10,000.00
Cash .....		833.44	828.71
Accounts receivable from customers and agents .....		9,693.82	10,996.14
Miscellaneous accounts receivable .....		22.54	20,515.47
Material and supplies .....		357.80	318.21
Profit and loss, debit balance .....		66,476.16	65,922.34
Total assets .....		\$ 87,383.76	\$ 108,580.87
	Liabilities		
Capital stock .....		\$ 10,000.00	\$ 10,000.00
Miscellaneous accounts payable .....		77,383.76	73,080.87
Reserve for accrued depreciation .....			25,500.00
Total liabilities .....		\$ 87,383.76	\$ 108,580.87
Income Statement:			
Operating revenues, telegraph and cable .....		\$ 66,133.10	\$ 87,734.47
Operating expenses, telegraph and cable .....		*80,832.57	85,083.63
Uncollectible operating revenues .....		208.50	441.09
Taxes assignable to operations .....		1,506.89	1,655.93
Operating income transferred to profit and loss .....		\$16,414.86	\$ 553.82
Operating Statistics:			
Number of telegraph offices .....		15	14
Miles of wire operated .....		2,168.05	2,062.05
Number of employees .....		69	65

## Western Union Telegraph Company

Organized April, 1851, under laws of State of New York.

Principal Office: 195 Broadway, New York, N. Y.

Principal Officers: President, Newcomb Carlton, 195 Broadway, New York; Vice Presidents, G. W. E. Atkins, 195 Broadway, New York; Rush Taggart, 195 Broadway, New York; J. C. Willever, 195 Broadway, New York; W. N. Fashbaugh, 195 Broadway, New York; G. M. Yorke, 195 Broadway, New York; E. Y. Gallagher, 195 Broadway, New York; Treasurer, Lewis Dreadner, 195 Broadway, New York; Secretary, A. F. Burlleigh, 195 Broadway, New York; General Auditor, H. W. Ladd, 195 Broadway, New York; General Attorney, A. T. Benedict, 195 Broadway, New York.

## FINANCIAL AND GENERAL STATISTICS

Balance Sheet:	Assets	1916	1917
Plant and equipment to January 1, 1914 .....		\$ 125,350,713.98	\$ 120,029,986.50
Plant and equipment since December 31, 1913 .....		17,936,990.36	25,877,368.32
Construction work in progress .....		3,516,905.51	6,127,265.21
Investment securities .....		11,320,249.51	11,295,987.45
Long term advances receivable .....		1,180,000.00	1,180,000.00
Cash .....		3,490,934.77	5,635,124.05
Special deposits .....		30,163.05	26,655.52
Employees working funds .....		395,127.30	488,687.97
Marketable securities .....		15,387,285.41	16,797,355.71
Bills receivable .....		15,576.08	110,106.90
Accounts receivable from customers and agents .....		8,872,954.18	11,858,768.12
Accounts receivable from system corporations .....		5,256.61	17,115.20
Miscellaneous accounts receivable .....		105,338.14	1,162,199.28
Material and supplies .....		2,930,144.41	3,522,182.62
Unmatured interest, dividends and rents receivable .....		419,203.91	410,985.91
Sinking fund assets .....		270,778.90	318,382.90
Insurance and other reserve fund assets .....		9,198.75	9,048.75
Prepaid rents .....		160,691.73	227,551.55
Prepaid insurance .....		38,230.01	37,699.15
Other prepayments .....		16,509.67	4,995.38
Other deferred debit items .....		307,408.05	261,821.92
Total assets .....		\$ 191,759,669.33	\$ 205,389,299.42

\* Does not include depreciation.

*Liabilities*

Capital stock .....	\$ 99,786,726.66	\$ 99,786,726.66
Capital stock of subsidiary companies .....	1,860,450.00	1,732,875.00
Funded debt .....	31,994,000.00	31,994,000.00
Audited vouchers and wages unpaid .....	680,864.55	1,083,161.12
Customers' deposits .....	6,843.38	5,911.93
Accounts payable to system corporations .....	69,858.54	33,112.39
Miscellaneous accounts payable .....	2,381,975.88	5,813,220.04
Matured interest, dividends and rents unpaid .....	111,276.07	143,009.89
Service billed in advance .....	74,850.14	78,778.48
Taxes accrued .....	1,191,324.79	3,745,636.57
Unmatured interest, dividends and rents payable .....	2,994,538.17	3,225,397.67
Deferred noninterest bearing liabilities .....	12,879,795.59	12,931,085.78
Reserve for accrued depreciation .....	10,888,319.37	12,276,330.00
Reserve for amortization of intangible capital .....	34,580.92	46,537.03
Reserve for doubtful accounts .....	1,029,296.18	1,035,612.07
Liability for provident funds .....	1,000,000.00	1,000,000.00
Other deferred credit items .....	206,900.50	1,159,494.46
Profit and loss—credit balance .....	24,568,068.59	29,248,410.33
<b>Total liabilities .....</b>	<b>\$ 191,759,669.33</b>	<b>\$ 205,389,299.42</b>

*Income Statement—Entire System:*

Operating revenues, telegraph and cable .....	\$ 61,919,140.52	\$ 76,995,511.06
Operating expenses, telegraph and cable .....	43,018,328.45	54,651,884.90
Uncollectible operating revenues .....	304,567.00	384,997.00
Taxes assignable to operations .....	1,557,000.00	3,834,118.92
Operating income .....	\$ 17,039,245.07	\$ 18,124,510.24
Nonoperating income .....	1,702,460.09	1,484,711.63
Gross income .....	\$ 18,741,705.16	\$ 19,609,221.87
Deductions from gross income .....	5,179,875.62	5,993,855.60
Net income for the year .....	\$ 13,561,829.54	\$ 13,615,366.27
Miscellaneous appropriations from income .....	1,166,424.50	1,900,000.00
Transferred to profit and loss .....	\$ 12,395,405.04	\$ 11,715,366.27

*Profit and Loss Account:*

Credits—balance at beginning of year .....	\$ 18,882,968.53	\$ 24,568,068.59
Credits—from income account for year .....	12,395,405.04	11,715,366.27
Debits—adjustments .....	725,738.23	52,727.03
Dividends declared and paid .....	5,984,666.75	6,982,297.50
To balance sheet at end of year .....	24,568,068.59	29,248,410.33

*Earnings—This State Only:*

Total intrastate receipts .....	\$ 117,329.20	\$ 142,504.70
Total intrastate expenses (including taxes) .....	82,354.56	100,573.65
Net intrastate earnings .....	\$ 34,974.64	\$ 41,931.05

*Operating Statistics:*

Number of telegraph offices, entire system .....	25,234	25,466
Number of telegraph offices, Oregon .....	235	251
Miles of wire operated, entire system .....	1,600,146	1,599,378
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**TWELFTH ANNUAL REPORT**  
**OF THE**  
**PUBLIC SERVICE COMMISSION**  
**OF OREGON**  
**TO THE**  
**GOVERNOR**



**JANUARY 1, 1918, to**  
**DECEMBER 31, 1918**





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**1934**

## TWELFTH ANNUAL REPORT.

To the Governor:

Sir: The Public Service Commission of Oregon submits herewith its Twelfth Annual Report covering the year ended December 31, 1918.

This was a year in which the activities of our citizens were very largely devoted to the all-important task of winning the war. The effect was the subordination of many of the less urgent duties of the Commission to the more imperative demands upon it for revision of rate schedules by the railroads and public utilities more directly involved in the abnormal National and State governmental functions, whose continuity of adequate service in many instances was dependent upon their ability to adjust themselves to the stress of unstable material and labor costs and other extraordinary factors.

The inordinate advances in the price levels of material and labor during 1918 affected all the railroads and public utilities of the State and the inevitable result was numerous applications for raises in rates. The limited technical force of the Commission was taxed to the utmost to perform the necessary investigations in order to facilitate the reasonably prompt disposition of the cases before it.

### ORGANIZATION AND PERSONNEL

The personnel of the Commission was unchanged during the year.

In the Engineering Staff, C. I. Kephart was appointed Hydro-electric and Railroad Engineer on June 1, 1918, and with W. T. Neill handled the technical matters of the Salem office for the year.

In addition, we have the Railroad Rate and Tariff Department, in charge of T. C. Davies, in Salem, while F. A. Rasch, Examiner in charge of the Portland office, remains the Commission's gas expert in addition to handling local informal matters that require attention.

The office of the Grain Inspection Department is located in the Court House, Portland, while the Railroad Track Scale Inspector reports to the Salem office.

### GOVERNMENT CONTROL OF RAILROADS AND TELEPHONE AND TELEGRAPH UTILITIES

As of midnight of December 31, 1917, the Federal Government assumed control of all the railroads of the country, and on August 1, 1918, of all the telephone and telegraph systems. These were war measures (made effective) by proclamations of the President under authority of Congress.

General advances in the wages of railroad employes followed, as well as a flat raise of 25 per cent in freight rates, except for some specific commodities. Shortly thereafter most of the smaller railroads were released from Federal control and operation. While the increased operating expenses continued effective, the freight rates legally reverted to the scales in force prior to Government control, and some of these small roads were thus placed in a serious financial predicament. The Federally operated roads were granted further increase in freight and passenger rates later in the year. New and revised demurrage and other rules were promulgated by the Railroad Administration, many of which were in conflict with regulations theretofore in effect on the large roads and still in force

on the small privately operated railroads. In consequence of the confusion that followed, many readjustments became necessary on the part of this Commission, in order to coordinate the transportation systems of the State for the common good during the war emergency.

The Commission was called on in many instances to interpret new and revised rules of the Railroad Administration and much correspondence has ensued. One order stipulated a minimum rate of \$15.00 per car in carload shipments. This was found to work a hardship in short hauls, and certain modifications were obtained after prolonged negotiations.

On highway construction material a rate adjustment was secured that will save the State between \$150,000.00 and \$200,000.00. This we learn from the Highway Commission, at whose request the adjustment was sought from the Railroad Administration.

Acting in conjunction with the Washington and Idaho Commissions proceedings were instituted which resulted in a modification of General Order No. 28 of the Railroad Administration a saving to the fruit industry of the State many thousands of dollars.

The Commission was much hampered in its efforts to reconcile these difficulties by the absence of a definite scope of jurisdiction with respect to the Federal Railroads, as indicated by various orders issued by the Railroad Administration, although the President's proclamation seemed to clearly leave to the State authorities the regulation of most of the local transportation affairs affecting the (domestic) welfare of the citizens of the individual States.

A somewhat analogous condition arose out of the Federal operation of telephone and telegraph lines. Many of the smaller telephone utilities were uninformed of changes in rules and regulations published in Washington, hence practices throughout the State varied considerably.

The adjustment of these diverse problems before the Commission necessitated the broadest consideration that could be brought to bear upon them, in view of the crisis through which our country was passing and in order that all of our institutions might function in synchronism with the Governmental efforts to bring the war to a successful conclusion.

### COMPLAINTS BEFORE THE COMMISSION

The various complaints arising before the Commission have been attended to in the usual manner. These are classified as formal and informal. The latter are handled by correspondence or personal interview, and only occasionally are they so difficult as to necessitate transfer to the formal docket for hearing under the rules of practice and procedure before the Commission.

During the year 1918, there were 73 formal complaints filed, subdivided as follows: Twenty-eight railroad, two express, nine electric, five water, three gas, 24 telephone, one telegraph and one grain. At the end of the year 30 cases were still open in the formal dockets, 43 having been disposed of in addition to those open at the beginning of the year.

Two hundred ninety-six (296) informal complaints were made to the Commission during the same period, subdivided as follows: 176 railroad, two express, 26 electric, three water, 9 gas, 78 telephone and two telegraph. At the end of the year, 36 cases were still on the informal dockets, 260 cases having been disposed of in addition to those open at the beginning of the year.

These complaints comprised a great variety of controversies, a considerable portion chargeable to disturbed conditions resulting from the abnormal times, such as changes in rates and regulations by railroads and utilities, etc.

### GRADE CROSSINGS

During the year, 40 applications for grade crossings were received from counties, municipalities, railroads, industries and individuals, of which number 30 were granted, two denied, one withdrawn and seven were open at the close of the year.

These came from various parts of the State and were all investigated from the standpoint of probable hazards involved before being passed upon, the aim of elimination or prevention of dangerous grade crossing having been constantly borne in mind, while yet not unduly hampering the development of the highways, railroads and industries of the State.

### TRACK SCALE INSPECTION

This work, which is performed by an expert employed jointly by the States of Oregon and Washington, was carried on uninterruptedly.

Following is a summary of the results of this work in Oregon for the calendar year 1918:

Total number of scales tested, railroads .....	25
Total number of scales tested, industries .....	3
Total number of scale tests made .....	50
Scales tested and not sealed .....	2
Total number of scales refitted .....	2
Scales without seal December 31, 1918 .....	2
New scale installations during the year .....	2

Our preceding report contained recommendations for the replacement by carriers of the present old type scales by the modern type much better adapted to present traffic standards, and for the early purchase of a master scale for the standardization of this test car.

### ACCIDENT AND SAFETY RULES

The proposed safety code of the U. S. Bureau of Standards, covering electrical construction and operation, has been submitted to those interested for constructive criticism, and upon promulgation its observance will no doubt be advocated by this Commission, with such modifications as may be desirable, if any, because of peculiarly Western climatic and other conditions.

### OPERATIONS OF RAILROADS AND UTILITIES

Statistics setting forth the physical, financial and traffic characteristics of steam and electrical railroads for the year are to be found in tabular form in Appendix II, Part I, of this report. Corresponding data for the various classes of utilities are shown in similar form in Appendix II, Part II.

### UTILITY RATE SCHEDULES

During the year revised instructions were published regulating the form, style and manner of filing with the Commission of the schedules setting forth the various recognized rates for service rendered by all classes of utilities. The object sought is uniformity of style and procedure in the issuance of official rate.

## RAILROAD AND UTILITY VALUATION

Now that the Interstate Commerce Commission is approaching the completion of the field work of the valuation of steam railroads of the Northwest, it is expected that their preliminary reports covering the railroads of Oregon will shortly be filed with the Commission. These are required by the Federal Statute to be submitted to the various State authorities for examination and comment, before adoption.

All appraisals of the utilities of the state made during the year are required by law to be included in the Annual Report of this Commission, and these will be found in the various orders inserted in Appendix I hereof.

## LITIGATION

### De Pauw University v. Public Service Commission.

This suit was brought in the Federal Court by the bond holders of the J. F. Luse Company to set aside the order of the Public Service Commission holding that the J. F. Luse Company was a public service corporation. The Federal Court, however, decided that it was not a public service corporation. (247 Fed. 183.)

Public Service Commission of Washington v. Alabama & Vicksburg Railroad et al, defendants, and Public Service Commission of Oregon et al, intervenors.

This proceeding was brought before the Interstate Commerce Commission for relief against the unjust discriminatory practices of the railroad companies regarding round trip passenger rates between Eastern points and the Pacific Coast points. Due to the fact that the railroads were under Federal control, that Commission dismissed the complaint, but held that the charge of unjust discrimination had been shown.

### City of Portland v. Public Service Commission of Oregon, 89 Or. 325.

This suit was brought to set aside an order of the Public Service Commission prescribing a 6-cent fare for the Portland Railway, Light & Power Company. The six circuit judges of Multnomah County, sitting en banc, sustained the demurrer to the complaint, and the Supreme Court on July 23, 1918, affirmed the lower court, thereby upholding the order of the Commission.

The cases named below were pending at the end of the year:

### Southern Pacific Company v. Public Service Commission.

Appeal from an order of the Commission in matter of appropriation by Willamette Pacific Railroad of County Road No. 65, known as the Mapleton-Acme Road, in Lane County. Commission's order sustained in the Circuit Court of Lane County, but was carried to the Supreme Court, where it is now pending.

### Southern Pacific Company v. Public Service Commission.

Suit against the Commission's order for physical connection of tracks of the Southern Pacific Company and the Oregon Electric Railway in Albany. Argued and submitted on briefs December 31, 1917, and is still pending. Under Federal operation of these roads, however, this connection was made during the Summer of 1918.

### City of Hillsboro v. Public Service Commission et al.

Suit brought by the City of Hillsboro to set aside an order of the Commission holding that the franchise provision as to free hydrant service to the city did not preclude the Commission from fixing a rate for hydrant service. Demurrer to complaint was sustained by the lower court and the case is now pending in the Supreme Court.

### Hammond Lumber Company et al v. Public Service Commission.

Suit was brought in the Circuit Court of Marion County to set aside an order of the Commission prescribing freight rates to be charged by the Columbia & Nehalem River Railroad Company. Case pending at the end of the year.

### Elwood Logging Company et al v. Public Service Commission.

Suit instituted in the Circuit Court of Marion County to set aside an order of the Commission relating to rental paid by the Columbia & Nehalem River Railroad Company to lumber companies for the use of their trucks for hauling logs. Case pending at the end of the year.

**Logan v. Public Service Commission and Chas. K. Spaulding Logging Company.**

Suit instituted by plaintiff to set aside an order of the Public Service Commission granting a franchise to the Chas. K. Spaulding Logging Company to drive, boom, catch and hold logs on the Lucklamute River. Case pending at the end of the year.

### LOG BOOM ACT

This act of the legislature provides for the issuance and regulation by this Commission of stream franchises to corporations organized for the purpose of driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products..

On January 1, 1918, there were on the docket nine applications for franchises and four were filed during the year. Of these 13 applications, nine were granted, three were withdrawn or denied, and one was open on the docket at the close of the year, while one franchise previously granted was revoked for reason.

Some of these corporations were engaged in business during the year under the franchises granted, while others were clearing streams and preparing for later operation. These organizations are required to file rate tariffs with the Commission in analogous manner to other public utilities, covering service they perform for all operations upon the streams on which franchise is held.

### GRAIN INSPECTION DEPARTMENT

The second year of this department was one beset with many difficulties, not only due to complications arising in consequence of the war, but also because of unfavorable financial circumstances. Its results have not been as uniformly satisfactory as we had hoped or sought.

The fees to be exacted are fixed by law, also the salary limitations. Competent men who were not in the military service were able to command better salaries in other occupations, and the departmental efficiency was somewhat reduced by our inability to retain men educated and experienced in the work and made necessary the employment of the class of men obtainable within the salary limitations.

The adoption of the Federal grades of wheat and corn has also materially increased the office expense for wages and stationery for the various reports that must be made.

There are now 279 licensed warehouses in the State of Oregon to whom must be sent each year bonds for execution and warehousemen's report cards for report of their receipts of grain, according to law. The statutory fee for this work is \$2.00 per warehouse, but so dilatory are the warehousemen in responding that repeated correspondence is usually necessary, and frequently the aid of the local district attorney must be solicited before the information can be obtained. A penalty for failure to respond within a stipulated period seems advisable, in order that the department may perform this phase of its work promptly and efficiently.

The greater part of the grain received at Coast Terminals at the present time is contained in sacks. Double the number of Inspectors and Weighers are required to handle sacked grain than are necessary in the handling of grain in bulk. There is a gradual tendency toward an increase in the percentage of bulk grain with a consequent decrease of sacked grain.



A further serious handicap in the department's work is the tendency of the grain and hay trade to avoid inspection except in cases of cars in dispute as to weight or quality. While our force must always be adequate for the possible demands of the entire trade, the object of the inspection law is largely nullified by the absence of a requirement that all cars of grain and hay coming into inspection points shall be subject to compulsory inspection, and the broadening of the scope of the law in this respect would more fully accomplish the benefits sought. The producers and grain trade in general, however, are beginning to realize the benefits that may be derived by cooperation with this department in developing a system of inspection and marketing that is an aid to all concerned. With broader jurisdiction this service would be of even greater value.

Owing to the shortage of ships for ocean transportation of grain, the greater part of the 1917-1918 crop was milled at Portland and southern and eastern points instead of being exported.

Below is a tabulation of the grain receipts at the licensed warehouses in the different counties of Oregon for 1918. These figures must not be considered as the total quantity grown in each county, as there was a considerable quantity shipped by producers direct to the markets and not through warehouses.

County	No. of Licensed Ware- houses	Wheat Bushels	Oats Bushels	Barley Bushels	Hay Tons
Baker .....	12	93,805	98,557	47,152	.....
Benton .....	6	165,905	19,893	.....	.....
Clackamas .....	7	53,753	5,020	.....	.....
Clatsop .....	2	15,931	3,668	886	.....
Coos .....	1	.....	.....	.....	.....
Deschutes .....	3	22,731	10,009	211	.....
Douglas .....	2	10,800	.....	.....	54
Gilliam .....	22	640,763	6,922	14,038	128½
Jefferson .....	15	273,245	1,120	1,419	.....
Lane .....	5	1,950	1,244	120	.....
Linn .....	22	188,658	46,436	1,245	2,406
Malheur .....	2	33,682	71	540	.....
Marion .....	23	262,113	41,181	500	111
Morrow .....	13	612,536	4,427	9,597	.....
Polk .....	19	206,459	102,384	1,322	690
Sherman .....	34	1,897,985	1,306	36,905	.....
Umatilla .....	*88	3,187,497	24,124	165,019	.....
Union .....	32	1,141,495	142,467	90,251	.....
Wallowa .....	10	411,838	25,523	21,173	.....
Wasco .....	19	483,954	10,817	9,581	.....
Washington .....	20	268,427	96,147	249	.....
Yamhill .....	22	278,591	58,500	1,319	706
Total .....	379	.....	.....	.....	.....

\* Records of five of these warehouses were lost and their quantities are not included above.

Respectfully submitted this first day of December, 1919.

PUBLIC SERVICE COMMISSION OF OREGON.

By FRED G. BUCHEL, Chairman.

H. H. COREY, Commissioner.

FRED A. WILLIAMS, Commissioner.

Attest:

ED WRIGHT, Secretary.

The following statement shows the total receipts of grain at Portland and Astoria terminals during the six months ended December 31, 1918, with weights, conditions, etc.:

	July	August	September	October	November	December	Totals
Total receipts, bushels .....	203,758	1,521,861	2,506,450	2,033,419	875,926	1,136,780	8,308,394
Sacked grain, bushels .....	56,303	1,095,627	1,971,933	1,429,706	588,611	696,732	5,818,912
Bulk grain, bushels .....	145,829	392,467	514,838	622,610	301,774	437,136	2,414,653
Received locally, bushels .....	1,626	33,767	19,879	11,103	5,541	2,913	74,829
Per cent sacked .....	27.6	72.0	78.6	69.2	64.9	61.2	70.0
Per cent bulk .....	71.0	25.7	20.5	30.1	34.9	38.4	29.1
Per cent local .....	1.4	2.3	0.9	0.7	0.2	0.4	0.9
Sacked cars .....	47	890	1,659	1,337	365	634	4,982
Bulk cars .....	109	278	401	478	230	298	1,794
Average weight sacked cars, pounds .....	72,000	74,800	72,000	60,600	75,360	64,880	69,900
Average weight bulk cars, pounds .....	80,280	84,660	77,940	78,120	78,720	88,020	81,140
Total sacks .....	44,491	514,572	966,578	755,644	215,173	347,129	2,843,587
Bad order sacks .....	2,728	25,542	54,319	45,614	21,933	42,526	192,662
Resacked .....	5	2,834	4,824	3,739	444	1,442	13,288



## **APPENDIX I**

### **SUMMARY OF PROCEEDINGS HAD ON FORMAL COMPLAINT BEFORE THE COMMISSION AGAINST RAILROADS AND PUBLIC UTILITIES**

**NOTE.—IN THE MAJORITY OF THESE CASES, THE MOST ESSENTIAL  
PORTIONS ONLY OF THE ORDERS HAVE BEEN INSERTED  
IN THIS REPORT**

## APPENDIX I

## FORMAL COMPLAINTS AGAINST RAILROADS AND UTILITIES

In the matter of prescribing and fixing grades and the  
promulgation of rules and regulations covering the } No. G-F-2  
handling, weighing, inspecting and storage of potatoes,

(ORDER ENTERED JANUARY 3, 1918.—P. S. C. ORDER NO. 319)

Pursuant to resolution duly made and entered by this Commission on this date,

IT IS ORDERED that the following grades, and rules and regulations covering the handling, weighing, inspecting and grading of potatoes be and are hereby fixed, established and adopted as standard grades and reasonable rules for the purposes therein mentioned, to be effective January 15, 1918:

## GRADES

*Oregon Fancy Grades:*

This grade shall consist of sound, ripe potatoes of similar varietal characteristics and uniform shape, true to type, bright and of good color and practically free from dirt or other foreign matter, frost injury, sunburn, second growth, cuts, scab, blight, dry rot and damage caused by disease, insects or mechanical means. The minimum diameter of potatoes of the round varieties shall be two and one-fourth ( $2\frac{1}{4}$ ) inches and of potatoes of the long varieties two (2) inches, and the minimum length of the long varieties shall be three and one-half ( $3\frac{1}{2}$ ) inches and the maximum length shall not exceed seven (7) inches. In order to allow for variations incident to commercial grading and handling two per centum by weight of any lot may be under the prescribed size, and in addition three per centum by weight of any such lot may be below the other requirements of this grade; provided, that the total weight below any requirements of this grade shall not exceed five per centum of the whole.

*Oregon U. S. Grade No. 1:*

This grade shall consist of sound potatoes of similar varietal characteristics, which are practically free from dirt or other foreign matter, frost injury, sunburn, second growth, cuts, scab, blight, dry rot and damage caused by disease, insects or mechanical means. The minimum diameter of potatoes of the round varieties shall be one and seven-eighths ( $1\frac{7}{8}$ ) inches and of potatoes of the long varieties one and three-fourths ( $1\frac{3}{4}$ ) inches. In order to allow for variations incident to commercial grading and handling, five per centum by weight of any lot may be under the prescribed size, and in addition three per centum by weight of any such lot may be below the remaining requirements of this grade.

*Oregon U. S. Grade No. 2:*

This grade shall consist of potatoes of similar varietal characteristics which are practically free from frost injury and decay, and free from serious damage caused by dirt or other foreign matter, sunburn, second growth, cuts, scab, blight, dry rot or other disease, insects or mechanical means. The minimum diameter shall be one and one-half ( $1\frac{1}{2}$ ) inches. In order to allow for variations incident to commercial grading and handling, five per centum of any lot may be under the prescribed size, and in addition five per centum by weight of any lot may be below the remaining requirements of this grade.

*Oregon Small Seed:*

This grade shall consist of sound potatoes of reasonably uniform shape, true to type which are practically free from dirt or other foreign matter, frost injury, sunburn, second growth, cuts, scab, blight, dry rot and damage caused by disease, insects or mechanical means. The minimum diameter of potatoes of the round varieties shall be one and one-half ( $1\frac{1}{2}$ ) inches, and of potatoes of the long varieties shall be one and one-fourth ( $1\frac{1}{4}$ ) inches, and the minimum length of the long varieties shall be two (2) inches. In order to allow for variations incident to commercial grading and handling, ten (10) per centum by weight may be slightly under the prescribed size, and in addition two (2) per centum by weight of any such lot may be below the remaining requirements of this grade.

## EXPLANATION OF GRADE REQUIREMENTS

"Practically free" means that the appearance shall not be injured to any extent readily apparent upon casual examination, and that any damage from

the causes mentioned can be removed by the ordinary processes of paring without appreciable increase in waste over that which would occur if the potato were perfect. Loss of the outer skin (*epidermis*) only shall not be considered as an injury to the appearance.

"Diameter" means the greatest dimension at right angles to the longitudinal axis.

"Free from serious damage" means that the appearance shall not be injured to the extent of more than twenty per centum of the surface, and that any damage from the causes mentioned can be removed by the ordinary processes of paring without increase in waste of more than ten per centum by weight over that which would occur if the potato were perfect.

"Sound" shall refer to potatoes reasonably symmetrical and true to type and reasonably free from shapes commonly known as "crooked," "bottleneck" and "rough."

"Cuts" shall mean any cut or injury caused by fork or other implement in digging or otherwise and any potato cut for removing diseased or rotten ends, but shall not be interpreted as cuts caused by removal of not to exceed two knots from an otherwise perfect potato.

### RULES AND REGULATIONS

Rule 1. All correspondence relative to inspection of potatoes and all other questions affecting this department should be addressed to the Public Service Commission, Grain Department, Portland, Oregon.

Rule 2. Inspectors shall be appointed for each principal potato shipping district. Inspectors shall be men experienced in the handling of potatoes not directly or indirectly engaged in any phase of the potato business while engaged in inspection work. Inspectors shall be under bond and subject to the same general regulations as inspectors of grain or other commodities.

Rule 3. The Chief Deputy Inspector at each point which may be designated as an inspection point shall have full charge of the inspection at such point, with supervision over all deputy inspectors, subject to the authority of the Chief Inspector.

Rule 4. It shall be the duty of each Chief Deputy to keep a complete record of the condition of all cars on arrival, coming under his supervision. He shall record the number of all seals broken by him; also the number and description of the state seals substituted therefor. As soon as the car is inspected it shall be the duty of the inspector to seal the car and to record the number of the seal.

Rule 5. A sufficient number of deputy inspectors will be provided at inspection points to properly and expeditiously grade all potatoes received in the ordinary course of business. *District Inspectors, with the consent of the Chief Inspector may arrange for assistance when necessary at times of an unusually large demand for inspection.*

Rule 6. Inspectors shall issue certificates of inspection at the time inspection is completed. One copy of the certificate shall be tacked in a conspicuous place inside the car near the door, and two copies shall be furnished the shipper.

Rule 7. The inspector shall in the case of cars containing more than one grade or variety of potatoes, indicate on the certificate the amount and grade of each lot in the car.

Rule 8. The inspector shall keep a record of each lot or car inspected, showing the names of the parties furnishing the potatoes, the name of the shipper, the actual number of sacks opened, the grade established and the name and number of the car and seal, a copy of which record shall be forwarded to the Chief Inspector.

Rule 9. When samples are sent for inspection requesting a grade, the Chief Inspector or the Chief Deputy at the point sent to, may inspect such samples and, if requested, issue a certificate showing the grade for the same. The certificate shall be marked "Sample Inspection." A charge of 75 cents will be made for each sample so inspected, to be paid by party requesting same.

Rule 10. Any person feeling aggrieved over the grades placed by any Chief Deputy or inspecting deputy, may ask for reinspection to be made by the Chief Inspector. The Chief Inspector shall make such reinspection and issue reinspection certificate showing his findings. The fee for reinspection shall be the same as for the original inspection and shall be refunded if the original inspection is not sustained.

Rule 11. Unless specifically stated otherwise in the contract, the gross weight of sacked potatoes, rather than the net weight, shall govern.

Rule 12. Sacks used as containers shall be clean, sound and of uniform size, well filled and securely sewed and marked with grade and initial or mark of grower or packer with letters not less than one and one-half ( $1\frac{1}{2}$ ) inches high.

Rule 13. Cars of potatoes shall be loaded with potatoes of uniform grade and variety from bottom to top so each lot will be readily accessible to the inspector, and in case any loader fails to comply with this regulation, he shall pay the sum actually expended in rendering such lot of potatoes accessible for inspection.

#### FEEES FOR INSPECTION

Rule 14. The regular fee for inspection shall be, until otherwise promulgated, three dollars (\$3.00) for each inspection of carload lots or parts thereof, when inspected for car shipments, except as hereinafter set forth; or ten cents (10¢) per ton for warehouse storage, in any quantity, not less than fifteen-ton lots. For inspection made on load lots only, twenty-five cents (25¢) per ton or fraction thereof. If state inspection of stock is requested at some point distant from state inspection center, there shall be charged in addition to the regular fee, a sum covering the actual transportation and hotel charges incurred in making such trip for inspection purposes.

Rule 15. Shippers purchasing potatoes shall pay the regular inspection fee to the inspector. Persons calling for inspection at other than inspection points shall pay transportation and hotel charges of inspector and these charges shall be collected by the inspector.

Application of PORTLAND RAILWAY, LIGHT AND POWER  
COMPANY for increase in fares on street railway lines } No. U-F-199  
in the city of Portland.

(ORDER ENTERED JANUARY 5, 1918.—P. S. C. ORDER NO. 321)

Application by Portland Railway, Light and Power Company, a corporation of the State of Oregon, seeking authority to increase the rates of fare imposed by it for the transportation of persons upon its system of street railways within the City of Portland, Oregon.

On September 6, 1917, the applicant in the above entitled case appeared before the Public Service Commission and presented testimony in support of its petition. There were present also representatives of the city council of Portland, of the company's employees, the State Federation of Labor, and other similar bodies. In preparation for the hearing the Commission's engineers and accountants had examined the data to be submitted by the company and the Commission was therefore enabled to arrive quickly at an understanding of the pertinent facts in the case.

On October 5, 1917, the Commission entered findings and order. The findings covered the question of the Commission's jurisdiction, the method of determining the present investment of the utility in each of its several departments, watered stock, revenues, expenses and the effect of war conditions.

The employees of the company were then asking for shorter hours and higher wages and a statement was presented of hours of labor and earning of platform men which caused the Commission to conclude that the "granting of a shorter basic day and a reasonable increase in wages is justified." The Commission, however, declined to enter into any discussion of the proper amount of wages to be paid, believing that to be the function of the company, to be settled by it with due regard to the effect on earnings and interests of the stockholders.

In view of the unsettled condition of the wage question, the Commission was not satisfied with the definiteness of the showing made. It was felt also that, in a matter affecting the interests of so many people, the public ought to be informed in advance of action rather than following it.

Moreover, it was thought that there were certain possible steps other than an increase of fare which would tend to improve the Company's condition. It was the desire of the Commission that, before granting the applicant's petition, these measures should be tried and their effect known, so that the nature and extent of this relief required might be more accurately determined. The Commission therefore contented itself at that time with pointing out these remedies, but announced that it would keep in close touch with the company's operations and as soon as the effect of its order had been demonstrated would take such further action as seemed necessary.

The report of the utility on its operations from October 15, 1917, to and including November 30, 1917, having been received and filed, the supplemental application of the utility for increase in street car fares was set for hearing at the courthouse, Portland, Oregon, on December 20, 1917, and notice of such hearing was served upon the city of Portland, and upon all others whose appearance was entered at the time of the hearing of the original application.

\* \* \* \* \*

### JURISDICTION

At this time the question of jurisdiction was again raised by the city. The Commission had previously submitted this question to the attorney general of the state. We quote from his opinion:

"It has been the opinion of this office ever since preparing and filing brief in the supreme court of Oregon in the Woodburn case, 82 Oregon 114, that the Public Service Commission of this state is vested with the power either to raise or lower street car passenger rates of the various cities of this state, if, after a full and complete hearing, the facts justify such action."

After quoting the statute, the attorney general adds:

"Words could not be clearer; statute law was never more explicit from the plain terms of the utility law. The legislature and the people of the state have conferred the necessary authority on the Commission either to raise or to lower rates and to determine and to fix such rates and charges 'as shall be just and reasonable.' This is the latest legislation on the subject and is the law of the state."

### COMPLIANCE WITH PREVIOUS ORDER

It was shown by the testimony presented that the remedies proposed by the Commission had resulted in an increase of net revenue of \$20,000.00 per month. The extent to which the utility had been able to comply with the order and suggestions of the Commission were discussed separately.

#### *Wage Increase*

Following the issuance of the Commission's order, the company resumed negotiations with its employees, the parties meeting in a commendable spirit of fairness and moderation on either side and finally entering into an agreement for arbitration. The result was the granting of the demands of the men in full, but with the right reserved to the company to set aside the award if the Commission should not, by January 1, 1918, grant sufficient increase of rates to enable it to pay the new scale of wages. The men now express entire satisfaction with both hours and pay.

#### *Unjust Burdens*

Acting on our recommendation, the company requested from the council of the city of Portland an explanation as to its power and inclination to remove the unjust public burdens pointed out by the Commission. In reply there has been presented in evidence before us a copy of an opinion of the city attorney of Portland directed to the council and dated October 29, 1917, in which the city attorney holds that relief from the burdens of hard surface paving and maintenance thereof, and also from bridge tolls, can only be granted by an amendment to the charter of the city.

#### *Increased Efficiency of Service*

Hitherto we have thought only of accommodating the service to the public, but it is possible also to vary the movements of the public to suit the service. Considerable progress has been made in the spreading of peak loads by changes in the hours of beginning and quitting work in large industrial establishments, but much remains to be done. Office employees and professional men may also vary their hours in some degree so as to avoid traveling at times when the cars are crowded with those in other occupations.

In the matter of operating one-man cars the company feels that under the conditions prevailing in Portland considerations of safety prevent this idea being put into effect, except to a very limited extent.

#### *Additional Business*

The first months of the fiscal year have shown a large increase in traffic over the previous year, but the rate of increase is falling off each month, and now at the end of the first half of the year it is evident that the actual increase will be very close to the estimated amount of 15 per cent over 1916-1917.



*Reduced Service*

By reduction of the number of cars on many lines, the average service in proportion to traffic now being somewhat less than in 1916-1917, a material saving in operating expenses has been effected. Studies are constantly being made and records kept of the movements and distribution of traffic to the end that the Commission may have complete knowledge of the street-car service at all times. Excessive loading is harmful to both company and public, and every effort is being made to distribute car service in proportion to congestion of traffic. By continued improvement in this regard, and further adjustment of hours of opening and closing commercial and industrial establishments, most of the present overloading can be eliminated, and the Commission will see that additional service is provided to the extent justified by the existing circumstances.

## REVISED BUDGET

There has been presented to us by the utility a detailed report of the street railways for the full month of November, 1917, during which month the curtailment of service recommended by the Commission has been in effect and the new wage scale of all employees has been in operation. This report has been carefully checked by the representatives of the Commission and found to be correct. Especial care was taken to see that no items properly chargeable to "Capital Account" had been included as operating expenses. This report shows the substantial accuracy of the budget submitted by the company at the first hearing, but the changes in rates and wages are, of course, reflected in these figures. A revised budget has now been prepared which is believed to be a reasonably accurate forecast of the operating expenses for the year 1917 to 1918.

## BUDGET

Maintenance of way .....	\$ 192,500.00
Deferred maintenance .....	83,600.00
Maintenance of equipment .....	226,500.00
Deferred maintenance .....	55,900.00
Conducting transportation .....	1,569,000.00
Power .....	79,200.00
Railway express .....	2,800.00
General and miscellaneous expenses .....	249,700.00
Depreciation .....	366,108.00
	<b>\$2,825,308.00</b>

For five years past the gross revenues for November have averaged 8.32 per cent of the total for the year. Assuming the same ratio for this year, the following income statement has been prepared:

## INCOME STATEMENT, 1917-1918

Railway operating revenue .....	\$3,361,000.00
Railway operating expenses .....	2,825,308.00
Net operating revenue .....	<b>\$ 535,692.00</b>
Taxes .....	<b>\$ 200,819.00</b>
Bridge rentals .....	110,000.00
Net income .....	<b>\$ 224,873.00</b>

This shows a rate of return on the value of the street railway property, as determined by the Commission, of 1¼ per cent. This return represents the total amount available for both interest and profit.

## WATERED STOCK

In spite of all that has been said, there still lingers a popular impression that the difficulties of the street railway company are fictitious, and are merely used as a cover for an attempt to extort a profit on watered stock. We therefore wish to repeat with the utmost emphasis that if the stocks and bonds of the company were one hundred times the real value of the property it would have no effect on this case. The appeal of the applicant and the decision of this Com-

mission are based on the Commission's own valuation of the property, which in turn was governed chiefly by the cost of reproducing the property at the prices and under the conditions prevailing from 1912 to 1916.

This valuation represents the original actual and rightful cost of construction, stripped of all elements of exorbitant profit, fictitious stock value and the like, but modified by the changes in prices and values of the component parts between the time of construction and the date of the valuation. Both in theory and in fact it represents the true present investment of the owners.

### FUNCTIONS OF THE COMMISSION

The Commission now has before it a concrete situation. The wages of the platform men have been determined independently of both the Commission and the company, and the pay of other employees has been made to conform to the new schedule for trainmen. The future growth of traffic and increase of operating expenses have been forecast with reasonable accuracy.

In order to bring clearly before the public the relation of the Commission to this and all similar problems, a brief statement of principles is necessary. The Public Service Commission performs three distinct functions.

The first is administrative. The Commission must see that the public gets what it pays for and no less. It must determine both the quality and the extent of the service to be rendered by the utility. In the case before us, just rates can not be established except with reference to definite standards of frequency and adequacy of service. In fixing these, the right medium must be found between service which is good, but more costly than the car rider can afford, and that which is cheap, but insufficient to meet his needs. The service must fit both the convenience and the pocketbook of the patron.

2. *Judicial.* In the exercise of its judicial functions, the Commission must see that the public pays for what it gets and no more. The rates charged must be reasonable to the consumer, and so far as this limitation will permit, the rate of return on investment must be fair to the utility. But "reasonable rates" and "fair return," while perfectly clear in their judicial sense, are, when reduced to expression in dollars and cents, elastic and variable terms. What to one seems a reasonable rate may, by another, be regarded as extortionate or confiscatory. A rate of return which is fair and just for times of industrial stagnation may be entirely inadequate for periods of expansion. Even under fixed conditions these terms are indefinite; there are in every case both upper and lower limits within which any rate of charge or return is fair and reasonable. Within these limits the determination of rates can not be based on considerations of justice alone.

3. *Financial.* This brings us to the third function of the Commission, one which has been almost entirely overlooked by the public, but which is constantly increasing in importance. A prime consideration in the investment of capital in enterprises designed to serve the public is the attitude of the public toward its servants, and this attitude is indicated chiefly by the actions of the rate-making authorities. The return permitted to existing utilities must be taken by the prospective investor as the limit of his expectations. If the rates fixed by the Commission, while sufficiently high to escape condemnation by the courts as confiscatory, will yield only a return insufficient to attract capital into needed public service, it is the public and not the investor who will suffer.

The Commission can not perform this function directly. It can not sit down with the capitalist, discuss the difficulties and uncertainties of public service and the attractiveness of other kinds of investment, and agree on a rate of return just high enough to induce investment. Yet the investor must feel assured that it is precisely on this basis that his case will be judged when he has made his investment. He must be certain that he will not be treated in accordance with the common expression, "The company has got its money in here and can't get out, so it doesn't matter what we do to them." If any public service commission should make a practice of enforcing rates which would not attract free capital, it is certain that the community would eventually lose more than it would gain.

In the consideration of any case, justice of course takes precedence over profit, but within the limits of reasonableness this Commission will be governed by considerations of public policy, bearing in mind the constant need for the investment of new capital in order that the public may be properly served. The principles find an application in the present case. It may be true that we do not now need any further investment in street car lines, nor is there any connection between the different services rendered by this utility, each being required by law to stand on its own feet, yet the effect upon investors of a given action in rate regulation is not confined to the particular class of utility in which it is exercised.

## THE POWER SITUATION

We are so accustomed to think of the water powers of our state as inexhaustible that it is with some surprise that we find Portland in serious danger of a check to the growth of her new industries from lack of power to supply them. Power is a prime consideration in every modern industrial enterprise. A manufacturer, desiring to establish himself in Portland, must first be assured of a constant supply of power at reasonable cost. Under the present conditions of fuel supply our industrial system is dependent for power on supply through public service.

There are two power companies in public service in Portland, the present applicant with hydroelectric plants at Oregon City, Cazadero, Rivermill, Bull Run and Silverton, three steam plants in the city and one in Salem, and the Northwestern Electric Company with a hydroelectric plant on the White Salmon river in Washington and a steam plant in Portland. The greater part of the latter's power is used in the State of Washington, only 20,000,000 k. w. h. being sold in Oregon last year as against 147,000,000 by its competitor.

The city of Portland and the whole Willamette Valley as far south as Salem rely for power chiefly on the Portland Railway, Light and Power Company. The records of the company show that no additions have been made to its generating capacity in the past four years, although from 1909 to 1913 its rated capacity was increased 41,000 k. w., which, with the 19,000 added by the Northwestern Electric, made a total increase of 250 per cent over the power supply of 1909.

The present rated capacity of the Portland Railway, Light and Power Company's system is 63,630 k. w. and the maximum demand for 1917 was 51,000 k. w., but those figures do not at all indicate the true situation so far as the maximum load that can be carried by the system is concerned.

Through the installation of machinery of ample capacity and the maintenance of a considerable supply of stored water, the company is easily able to meet any possible demand for power for a brief period. But during extreme low water periods the continuous hydro capacity is barely over one-third of the rated capacity of 42,630 k. w. The water supply of September, 1915, was the lowest on record, being sufficient for only 15,750 k. w. The steam standby can carry a peak load of 21,000 k.w., but only 18,500 continuously.

The average load for September, 1917, was over 24,000 k. w., so that with the present load a repetition of the 1915 water conditions would require the use of nearly one-half of the steam reserve to carry the constant load. Accidents which have occurred in the history of the system, and flood conditions such as those of December 18-20, 1917, when operations at three of the four principal hydro plants were seriously interfered with at the same time, show the absolute necessity of keeping an ample steam reserve, if a reliable supply of power is to be maintained.

It is thus evident that even at this time the power supply is but little if at all in excess of the demand, after making allowance for proper reserve. But now, after a period of comparatively slow growth, the demand for power is increasing rapidly. The Northwestern Electric Company has just announced its intention to build a 10,000 k. w. steam plant in the city, and it is reported that it will also add a small hydro plant on the White Salmon River. But these will not more than take care of the anticipated increase of the next one or two years. With the advent of the shipbuilding industry, and the great improvement in the lumber business and kindred lines, a large increase in industrial activity is confidently looked for. If this growth is not to be blighted by inability to supply power for it, it is essential that the development of additional power on a large scale be undertaken in the very near future, and to this end it is necessary that the utilities engaged in the supply of power shall be maintained in such credit as will enable them to obtain the funds required for such development.

With this review of the situation and of the principles which ought to govern utility regulation, we are prepared to consider the merits of the present case, the various lines of action which are open to us and their consequence.

## DENIAL OF RELIEF

It is evident to the Commission that if the company be denied relief it must inevitably go into the hands of a receiver, for on its interurban lines operating expenses equal receipts, and the earnings of the light and power depart-

ment are insufficient to meet the bonded interest of the whole system or even to make a fair return upon the investment in that branch of the utility. The primary duty of the receiver would be to conserve the property, and the public would receive service only so far as the interests of the property would permit. Having no means at his command other than the revenue from operations, and no power to increase the fares without the consent of the Commission, he would be compelled to cut the service to the point where receipts would equal expenses. As we shall show elsewhere, such a reduction of service would be intolerable.

### RELIEF NECESSARY

But this Commission believes that it would be derelict in its duty if it should refuse the proper amount of relief. The company, after having reached in 1912 a stage of development in which it was able to earn a return of 6 per cent, and having thus proved the soundness of its investment, encountered a combination of adverse conditions which could not have been foreseen. Financial stringencies, the enormous increase in private automobiles, jitney competition and war prices, formed an alliance against which no industry unable to protect itself by an increase of prices could possibly contend. For five years the company struggled to overcome these difficulties; its stockholders have contributed two and one half million dollars to meet the constantly increasing deficits and to maintain the safe and reasonable service to which the public is entitled. There has been a marked reduction in overhead costs for supervision, brought about by the consolidation of departments and reduction in the number of officials. Now on the eve of better times comes the necessity for a great increase in wages. The utility consequently finds itself unable longer to carry the burden and appeals for that relief for which it might properly have asked at a much earlier period had it not been that its patrons were equally burdened.

Under state regulation of rates no utility is permitted to earn a surplus during good times by which to carry itself over the lean years which may lie ahead of it. Rates must at all times be kept down in conformity with the value and the cost of the service rendered. Justice, therefore, requires that when costs go up, rates should do likewise.

The law forbids the establishment of rates whose effect will be the confiscation of the property of the utility. It has been shown to the satisfaction of the Commission that the existing rates, with the present cost of operation, are, in fact, confiscatory. What the Commission has no legal right to establish, it has no moral right to maintain.

The manner and extent of relief require careful consideration, and we shall discuss briefly the various measures which have been proposed.

### REDUCTION OF SERVICE

The possibility of reducing the expenses within the receipts at the five-cent rate by further curtailment of service has been suggested. At first thought this seems feasible. Operating expenses and bonded interest exceed receipts by only about 12 per cent. If this difference could be overcome, interest on the balance of investment might wait for better times. But it must be remembered that a large part even of the operating expense does not vary with the service. Ties rot, tracks settle, pavements go to pieces, rails rust, car timbers decay, even if there is no service at all. The following table contains an estimate of the portion of the November, 1917, operating expenses which, within moderate limits, would vary directly with service, and the amount which would not be so affected:

## RELATION OF OPERATING EXPENSES TO VARIATIONS IN SERVICE

Account	November expense	Varying with service		Not vari- able
		Per cent	Amount	Amount
<i>Maintenance of way—</i>				
Superintendence .....	\$ 1,386.00		\$.....	\$ 1,386.00
Ballast .....	4.00			4.00
Ties .....	41.00			41.00
Rails .....	148.00	100	148.00	
Fastenings and joints .....	91.00	100	91.00	
Special work .....	1,219.00	100	1,219.00	
Roadway and track labor .....	2,869.00	80	2,295.00	574.00
Paving .....	1,522.00	80	1,218.00	304.00
Miscellaneous .....	79.00	100	79.00	
Cleaning and sanding tracks .....	2,259.00	100	2,259.00	
Bridges and culverts .....	418.00			418.00
Crossings and fences .....	108.00			108.00
Signals .....	122.00			122.00
Telephone and telegraph system .....	89.00			89.00
Other miscellaneous expense .....	1,319.00	100	1,319.00	
Poles and fixtures .....	109.00			109.00
Distribution system .....	2,434.00	60	1,460.00	974.00
Buildings and structures .....	721.00			721.00
Other operations Cr. ....	27.00			27.00
Total maintenance of way....	\$ 14,911.00	68	\$ 10,088.00	\$ 4,823.00
<i>Maintenance of equipment .....</i>	<i>\$ 18,935.00</i>	<i>90</i>	<i>\$ 17,041.00</i>	<i>\$ 1,894.00</i>
<i>Conducting transportation—</i>				
Traffic .....	\$ 761.00		\$.....	\$ 761.00
Superintendence .....	5,060.00			5,060.00
Passenger trainmen .....	100,765.00	100	100,765.00	
Freight trainmen .....	95.00			95.00
Miscellaneous car service, empl. ....	701.00	100	701.00	
Miscellaneous car service, exp. ....	2,630.00	100	2,630.00	
Station employees .....	598.00			598.00
Station expenses .....	136.00			136.00
Car house employees .....	7,093.00	90	6,384.00	709.00
Car house expenses .....	404.00	90	364.00	40.00
Telephone system .....	26.00			26.00
Other expenses .....	630.00	100	630.00	
Railway express .....	205.00			205.00
Power .....	5,979.00	100	5,979.00	
Bridge rentals .....	9,053.00	100	9,053.00	
General expense .....	21,315.00			21,315.00
Total .....	\$189,297.00	81	\$153,635.00	\$ 35,662.00

Any saving in cost of transportation must therefore be made out of 81 per cent of the operating expenses. We have estimated these expenses at \$2,349,700.00, excluding deferred maintenance, taxes and depreciation. Of this 81 per cent, or \$1,903,300.00, will vary with the amount of service.

An increase in net revenue of \$412,000.00 has been shown to be necessary to cover bonded interest alone. If this is all to be gained by reducing service, the saving must be made out of the above amount of \$1,903,300.00, requiring a reduction of 22 per cent. To cover 6 per cent interest on the entire investment of \$18,233,371.00, as determined by the Commission, requires \$789,000.00 more net revenue, to gain which service must be cut 41 per cent below the present standard. Such reduction is utterly impracticable.

## MUNICIPAL OWNERSHIP

The cost of service would not be less if the city should take over the street car system and operate it. With the present service and equal efficiency of management, the operating expenses would be the same as at present, while power, instead of being furnished as now at cost, would have to be paid for at commercial rates. Under condemnation, it is not likely that the property could be bought

for any less than the Commission's valuation, and if the courts took account of the present scale of prices, of materials and labor, the cost would be increased at least 25 per cent. Money for such purpose could not be obtained for less than 6 per cent, so that the interest charge would be at least as large as now.

Under city management service could be maintained only by a resort to one or more of the following expedients: Reducing service, cutting wages, raising fares, or making up the deficit by taxation.

### ZONE SYSTEM

The zone system has many advocates. It is based on the principle that the purchaser pay in accordance with what he gets. It is in almost universal use in European cities, where it gives entire satisfaction. If adopted here, it would permit low rates to be maintained in a great part of the city and would compel the long and now unprofitable lines to pay at least the cost of operation. It would also enable the company to meet jitney competition by making low but still profitable rates on the lines of heavy traffic, where alone the jtnneys operate. But while these considerations are entitled to great weight it seems to us that the adoption of the zone system is inexpedient at this time. It is estimated, from a study of traffic records for November, 1917, that one-fourth of the travel originates more than three and one-half miles from the center of the city. If this distance be adopted as the zone boundary, and a transfer charge added, the additional rate for each zone necessary to make up the deficiency in revenue will be two cents. Many riders would thus be compelled to pay nine cents and some eleven in place of the present single fare. The resulting disturbance in property and rental values would be very great. Many working people would find it necessary to give up their homes in distant suburbs, and live nearer their work.

The satisfactory results of the zone system in European cities are largely due to the fact that there the rich live at a distance and the poor in the tenement districts at the heart of the city. The latter thus require but little transportation and the great cost falls on those best able to bear it. These congested districts existed before the advent of the street car and cheap transportation has improved rather than intensified this condition. But in American cities where the best living conditions are found, and particularly in Portland, the working classes live at the greatest distance and the extra charges of the zone system would fall almost entirely on them. While the effects of the additional cost of transportation would not alone be sufficient to bring about the formation of a slum district, it would, joined with other causes, tend to do so, and the resultant injury to comfort, health and safety would more than offset the advantages of an ideal system of imposing charges.

It is urged that it is manifestly unfair to make the car riders on one line, or portion of a line, pay a part of the cost of operating elsewhere, in addition to paying the cost of the service rendered to them. But this raises the question whether the city of Portland is to be considered as one community, having one common interest, or as a group of communities, whose interests are opposed to each other. It appears to us that the fostering of a spirit of union, the welding together of the entire community into one body with common interest and united action is worth more than a saving of one or two cents on a car fare.

### TRANSFER CHARGE

Closely connected with the zone system is the idea of a charge for transfers. There are now about 22,000,000 transfers used per year. It would require a four-cent charge on this number to produce the revenue now needed, in addition to the five-cent fare, but such charge would result in a very great reduction in the use of transfers, making it necessary to raise the price to at least five cents, which would be equivalent to abolishing transfers entirely.

### UNPROFITABLE EXTENSIONS

Much criticism has been directed against the company for building into unprofitable territory. At the same time there is complaint that subsidies have been given the company for such extensions, and that the attempt is now being made to earn a return on the capital represented by such gifts. A little reflection will show that these two objections must partly neutralize each other. The subsidies, whose total amount was shown by the Commission's findings in the valuation to be only about \$207,000.00, have been less than losses in operation

in early years on the lines for which they were given. It should be noted that the Commission's valuation, or the investment on which the company is now asking return, does not include the lines about which criticism has been most frequent, viz: Alameda, Arlington Heights, Beaumont, Eastmoreland, Kings Heights and Westover Terrace. Where payments by property owners on these lines were in arrears, the service has been cut down, and arrangements made for cash payment in advance.

The Massachusetts Public Service Commission, speaking of unprofitable extensions, says: "It is an operating axiom in the street railway business that new extensions do not pay, but in most cases incur deficits at least for the first years of operation. A true measure of adequate service is not only frequency, regularity and speed of cars, but also extension of tracks to help build up the outlying districts."

In the case before us, Vancouver, St. Johns and Sellwood lines serve communities which it is highly desirable should be closely linked to Portland. Rose City Park, Montavilla, Mt. Scott and Woodstock and other lines have made it possible for a multitude of citizens to own their homes, and have aided greatly in building up the city. For these reasons and because some of the extensions complained of were forced on the company, while others were made in response to a popular demand as well as because they were expected eventually to be profitable, the Commission does not feel justified in imposing a penalty upon the company for being possibly too optimistic for the growth of the city.

The average earning per car hour in November for the entire system was \$2.26. The following table of the lines earning less than this amount and the per cent increase of total earnings of such lines over November, 1916, shows that they will soon have passed out of the unprofitable period which of necessity exists in the early history of every line:

Line	Earnings per car hour	Increase of total earnings from Nov., 1916 Per cent
Fulton .....	\$1.76	16.0
Irrington .....	1.95	0.2
Montavilla .....	2.02	13.1
Rose City Park .....	2.12	4.7
Woodstock .....	1.98	10.7
Richmond .....	2.18	20.7
Brooklyn .....	1.42	16.5
Woodlawn .....	2.20	18.2
Sellwood .....	2.06	9.3
Mt. Scott .....	1.58	12.3
Hawthorne Avenue .....	1.99	19.1
St. Johns .....	2.04	17.7

### CONTROL OF UTILITIES

Few are aware, even among the best informed, of the revolution which has taken place in the past ten or fifteen years in the relations between public service corporations and the communities which they serve. The popular imagination still beholds the corporation seated astride the people's neck, dominating its politics, corrupting its officials, using its streets and thoroughfares without compensation and exacting enormous profits from fictitious investments. But however true this picture may have been in the past, the public control of utilities has restored the authority of the people over their servants. The properties of these utilities are now carefully examined and appraised at their true value. Any water in their stocks is disregarded and rates are established on the basis of reasonable cost to the consumer and fair return to the investor. Progressive corporation managers welcome the change which transforms them from public enemies into public servants, but on the other side some who do not realize the changed state of affairs are prone to use their newly acquired powers in belaboring their ancient enemy.

It is time for the public to realize that the powers conferred upon public service commissions, thoroughly tested and upheld by the courts, are ample for the protection of the public against all the evils from which they have suffered in the past. It is time also to realize that good service can be obtained only

by just and equitable treatment. No starved horse ever pulled a heavy load. The utilities have been deprived of the power to make unjust profits. They must also be protected against unjust losses. If a utility is driven into a position where its credit is impaired and it can obtain money for operations and extensions only at unreasonable cost, the public must share the loss.

#### A TEMPORARY CONDITION

Rate regulation under commission control is elastic, responding readily to changes of conditions. While in this case both justice and policy demand that an increase of fares be granted for a time, it is the hope and expectation of the Commission that improved business will soon permit a restoration of the old rates, or at least a step in that direction. Relief of the company from the burdens of paving, free transportation of city employes and excessive bridge tolls will do much to hasten the time when such restoration will be possible.

In the meantime the utility will be expected to continue to render monthly reports of its operations under this order, and the public may rest assured that any possible action in its interest will be taken without delay.

#### A PERMANENT POLICY

Thoughtful consideration will reveal a community of interest between the three parties to this situation, the employes, the investors and the public. No fair-minded person will deny that it is for the good of all that the first should be well paid and not overworked; that the second should be fairly, but not excessively, rewarded, and that the third should be served at the lowest rate possible consistent with the other conditions. At the same time the incentive of personal reward must be retained, or economical operation is impossible.

The Commission hopes to bring about a state of affairs wherein the interests of all shall be properly guarded. The employes are now well cared for. Whenever the revenues reach an amount sufficient to give the owners a minimum fair return on their investment, it will be the policy of this Commission so to regulate rates that, with the cooperation of the company, any further profits may be equally divided among the three parties, the employes receiving more wages, the company more revenue and the public better or cheaper service. Efficient management will then be rewarded by increased dividends, and faithful service by higher wages, while the public will profit from both by reduced fares.

#### FINDINGS

After a full consideration of the foregoing, an exhaustive investigation of the operation of the utility subsequent to the order of this Commission, in this matter made and entered October 5, 1917, and a complete review of all the proceedings prior to such order, the Commission now makes the following findings:

##### I

That the practices and economies inaugurated by the utility pursuant to the former order of this Commission are not productive of an adequate return to protect the integrity of the company.

##### II

The present revenues derived by this utility from the operation of its street railway system are inadequate.

##### III

The service now afforded is not in excess of the reasonable requirements of the traffic handled.

##### IV

The rates charged and collected as cash fares and for unlimited ticket books are unjust, unreasonable and inadequate.

##### V

That just, reasonable and adequate rates and practices to be imposed, charged and collected in lieu of such rates and practices found to be unreasonable unjust and inadequate are:

Cash fares, 6 cents each.



Unlimited tickets, five tickets for 30 cents, tickets to be on sale by all conductors.

Unlimited tickets in books, fifty tickets for \$2.75.

Limited school children's tickets, 4 cents each.

All tickets and cash fares shall include transfer privileges.

### ORDER

In accordance with and based upon the foregoing findings, and the complete record in this proceeding:

IT IS ORDERED that the Portland Railway, Light and Power Company be and it is hereby authorized and permitted to increase the rates named by it in its Tariff O. R. C. No. P-141 for cash fares, and unlimited tickets, such fares, however, not to exceed the following:

Cash fares, 6 cents.

Unlimited tickets, five tickets for 30 cents, tickets to be on sale by all conductors.

Unlimited tickets in books, fifty tickets for \$2.75.

Limited school children's tickets, 4 cents each.

All tickets and cash fares shall include transfer privileges.

AND IT IS FURTHER ORDERED that until otherwise advised by this Commission, the Portland Railway, Light and Power Company shall continue to render to this Commission reports of its operations hereunder.

The application of this order is restricted to purely intrastate business, and nothing herein contained shall be taken as in any way affecting interstate commerce.

This order will be effective on and after January 15, 1918.

In the matter of the application of the PORTLAND RAILWAY LIGHT AND POWER COMPANY for increase in fares } No. U-F-199  
on street railway lines in the city of Portland.

(ORDER ENTERED JANUARY 14, 1918.—P. S. C. ORDER NO. 323)

This matter is now before the Commission upon the petition of the city of Portland for an order setting aside or suspending the order of this Commission heretofore entered on the 5th day of January, 1918. The petition contains a copy of resolution No. 9842, adopted by the council of the city of Portland January 9, 1918; also a copy of resolution No. 9844, adopted by said council January 10, 1918, and was presented to this Commission by Mr. W. P. LaRoche, city attorney of Portland, in person, on Saturday, January 12, 1918, at the office of this Commission in Salem, Oregon.

Our investigation of the affairs of the Portland Railway, Light and Power Company discloses that the need for additional revenue on its street railway lines is imperative and can not be delayed without serious consequences. In the discharge of our duties, we have also investigated the other branches of this utility's business and have found that the revenues from the operation of the interurban railways barely suffice to cover expenses of operation and that the earnings of the light and power department are insufficient to enable that department to aid in making up any of the deficits in the operation of the railway department. Aside from the fact that each department of utility operation must stand on its own feet, the practical situation is that no aid can be afforded the street railway department by the other departments of the utility.

The order increasing the street car fares in Portland was not issued hastily, but only as the result of a most exhaustive investigation and after this Commission had become satisfied by indubitable proof that through causes beyond the control of the utility the cost of street car service had risen to such height that anything approaching satisfactory service could not be given at fares less than those fixed in our order of January 5.

We can see no good and sufficient reason for setting aside our order or postponing the effective date thereof. The petition is therefore denied.

In the matter of the application of the SOUTHERN CURRY TELEPHONE COMPANY for permission to revise its toll rates, establish a rate for a physical connection with COOPERATIVE FARMERS' TELEPHONE line and discontinue a certain free interchange of service between the subscribers of applicant and those of the CHETCO SOUTHERN TELEPHONE COMPANY.

No. U-F-185

(ORDER ENTERED JANUARY 14, 1918.—P. S. C. ORDER NO. 324)

On April 6, 1917, the applicant in this proceeding filed with the Commission a request for authority to revise certain of its rates for long distance telephone conversations over its lines, to establish additional toll rates for new stations, rates for exchange switching service to rural cooperative farmer lines wishing connections with the lines of the applicant, and rates for extension sets, to be used in connection with original installations. The applicant also petitioned to be relieved from liability to furnish free exchange of service between its subscribers and those of the Chetco Southern Telephone Company, whose lines connect with the applicant's system at Harbor and extend south thereof into Northern California.

In lieu of the above schedules, the applicant wishes to establish the following rates insofar as they differ from those now in effect:

#### SUBSCRIBER RENTAL RATES

##### Business Service:

Main line .....	\$2.50 per month
Two party line .....	2.25 per month
Four party line .....	2.00 per month

##### Residence Service, City:

Main line .....	\$2.00 per month
Two party line .....	1.75 per month
Four party line .....	1.50 per month

##### Rural Service:

Party line, each subscriber .....	\$2.00 per month
For local switching of farmer lines, each telephone .....	.50 per month
Six subscribers will be the minimum allowed upon any farmer line.	

#### LONG DISTANCE CONVERSATION RATES

	First 1½ minutes	Each additional minute
Between Illahe or Agness and Gold Beach .....	25c	15c
Between Illahe or Agness and Pistol River .....	35c	15c
Between Illahe or Agness and Brookings .....	50c	25c
Between Pistol River and Lowery's .....	25c	15c
Between Pistol River and Agness .....	35c	15c
Between Pistol River and Illahe .....	35c	15c
Between Harbor and Brookings and Pistol River .....	15c	5c
Between Harbor and Brookings and Gold Beach .....	25c	15c
Between Harbor and Brookings and Lowery's .....	35c	15c
Between Harbor and Brookings and Agness .....	50c	25c
Between Harbor and Brookings and Illahe .....	50c	25c

#### TELEGRAPH RATES

Telegrams, first ten words .....	25c
Each additional word .....	2c
Day letters, first fifty words .....	38c
Each additional ten words .....	8c
Night letters, first fifty words .....	25c
Each additional ten words .....	5c

These rates to apply on all hauls for which long distance conversation rates are above proposed.

**MINIMUM RATES**

For telegraph service and long distance conversations the following minimum charges will be made for any service not heretofore provided:

Conversations, first 1½ minutes .....	10c
Each additional minute .....	5c
Telegrams, first ten words .....	10c
Each additional word .....	½c
Day letters, first fifty words .....	15c
Each additional ten words .....	3c
Night letters, first fifty words .....	10c
Each additional ten words .....	2c

**ADDITIONAL EQUIPMENT RENTAL RATES**

Extension desk or wall set, business .....	\$1.00 per month
Extension desk or wall set, residence .....	.60 per month
Additional charge for desk or portable set on all rentals except extensions .....	.25 per month
Extension bell .....	.25 per month
Extension gong .....	.35 per month

The present schedules of applicant are not complete, do not cover the entire operations of the utility and contain features which cause them to bear inequitably upon the patrons of the lines in proportion to the use made thereof. The establishment of a distinction between business and residence service is a prime requirement of equitable telephone rate schedules, as is also the maintenance of proper distinction between individual and party line service in each of these classes. The proposed changes in the subscriber rates are not such as to materially affect the cost of service to the subscribers, but on the other hand eliminate a large amount of possible unfair discrimination attached to the present charges. The increase in the rate for business service when applied to the present operations of the company is apparent and not real, there being only one two-party and no individual line business phones now connected to the system. The proposed rates effect a reduction in all present exchange rental charges to residence subscribers.

The only protest of record in this proceeding is that of the Brookings Land and Townsite Company, which is made subject to withdrawal upon proper showing as to the intention of the Southern Curry Telephone Company to better the quality of its service. In this regard an informal agreement has been made by the applicant of its intention to make all necessary repairs to its service upon the assurance of sufficient increase in rates to provide necessary funds for operation.

It is the opinion of the Commission that for the first class service thus assured the proposed rates are just, reasonable and not unjustly discriminatory, when considered with the following modifications:

**MINIMUM RATES**

Conversations, first 1½ minutes .....	10c
Each additional 2 minutes .....	5c

**ADDITIONAL EQUIPMENT RENTAL RATES**

Additional charge for desk or portable set on all rentals except extensions .....	15c per month
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In regard to the present contract between the Chetco Southern Telephone Company, and the applicant, the continued maintenance of such unlimited free exchange of service between the subscribers of the two companies, regardless of their locations upon the lines, materially reduces the possibility of giving service of proper quality at reasonable rates either to the subscribers of the companies or to the public in general which may seek the same. The Commission believes such an unlimited free exchange of service as provided by this contract is an unreasonable requirement to continue upon the growing lines of the applicant and that it may be permanently suspended without injustice.

The Commission is fully advised of the conditions surrounding this application, and in view of the above findings and in the light of the full record in this case,

IT IS THEREFORE ORDERED that the applicant be and the same hereby is, upon the condition that it make within a reasonable time proper showing of its intention to place its lines in condition to give first-class service, given

authority to discontinue its present rates insofar as they differ from those heretofore found reasonable and that in lieu thereof shall be established the rates and charges so found to be just, reasonable and not unjustly discriminatory.

AND IT IS FURTHER ORDERED that the applicant be and the same hereby is given authority to discontinue its present practice of allowing free and unlimited exchange of service between subscribers upon its lines and those upon the lines of the Chetco Southern Telephone Company.

A reasonable time for this order to become effective is February 1, 1918.

In the matter of the application of the COUNTY COURT OF  
LANE COUNTY, in the State of Oregon, for the estab- } No. F-616  
lishment of a crossing near Divide, Oregon. }

(ORDER ENTERED JANUARY 14, 1918.—P. S. C. ORDER NO. 325)

On the 10th day of July, 1917, petition was filed with this Commission by the county court of Lane county alleging that a certain grade crossing of the Pacific highway with the tracks of the Southern Pacific Company near Divide station had been the subject of considerable contention and that the county court was desirous of improving the county road near and over said crossing; and requesting the Commission to determine whether or not the said crossing should be constructed over or under grade.

It is conceded that the conditions existing at the crossing in question are extremely hazardous and should be remedied, and the question to be determined is the time and manner of doing so. It is entirely practicable to construct an overhead crossing which will make possible the elimination of the existing hazard, and several feasible plans for overhead crossings have been worked out by the State Highway Department and the county surveyor of Lane county. In our opinion the most favorable location suggested is at a point approximately 2,000 feet east of the present grade crossing and near the west end of the siding which is located at the station of Divide. It is estimated that a permanent concrete structure, together with suitable approaches and fills, can be constructed at this point at a total cost of \$13,400.00.

The Commission, therefore, finds that the grade crossing above mentioned should be abandoned and that an overgrade crossing should be constructed at this time at a point approximately 2,000 feet east of the present grade crossing and near the west end of the siding at the station of Divide, said structure to be of permanent character and of standard reinforced concrete construction.

The Commission requires that in the construction of said overgrade crossing the requirements of its Order No. 99 as to clearances between railroad tracks and other structure, be fully complied with.

Considering the character of the highway in question and the nature of the traffic thereover, as well as the benefit to be derived from the elimination of the existing hazard, the Commission finds as just and equitable that the cost of the construction of this overhead crossing should be borne as follows: 30 per cent by the State Highway Department, 30 per cent by the county court of Lane county, and 40 per cent by the Southern Pacific Company.

In arriving at a determination of the portion of the cost to be paid by each party the Commission finds that there shall be taken into consideration the cost of the overhead structure, the necessary excavating and filling incident thereto, the filling for the approaches to said structure, exclusive of the cost of hard surfacing said approaches, and the cost of moving the block signals located on the railroad right of way adjacent to such crossing.

The Commission also finds that the cost of maintaining the portion of the crossing structure lying within the limits of the railroad right of way, save and except the surface of the roadway, shall be borne by the Southern Pacific Company, and that the remaining portion of the crossing shall be maintained by the county court of Lane county. The Commission further requires that in the event the crossing structure is abandoned at any time in the future said structure shall be entirely removed from the railroad right of way.

One year is a reasonable time within which to construct the overhead crossing herein provided for and to abandon the grade crossing herein mentioned.

IT IS THEREFORE ORDERED that within one year from the date hereof an overgrade crossing of permanent reinforced concrete construction shall be constructed and thereafter maintained, at or near the west end of the present siding at the station of Divide, Oregon, according to the terms and conditions hereinbefore set out and the plans and specifications submitted to the Commission by the State Highway Department;

AND IT IS FURTHER ORDERED that the grade crossing above mentioned be abandoned and the use thereof discontinued immediately upon the completion of said overgrade crossing.

IT IS FURTHER ORDERED that the grade crossing referred to herein be and it is hereby declared to be and created a "stop" crossing, as contemplated by Chapter 429 of the Laws of Oregon for 1917, and the Southern Pacific Company is hereby ordered and required to place and maintain at such crossing within thirty days from the date hereof and until the completion of the overgrade crossing a circular sign twenty-four inches in diameter, painted with a white field bearing the word "Stop" in black letters five inches high, three and three-quarters inches wide, lines one-inch stroke, with a black border line one inch wide, said sign to be properly lighted at night.

In the matter of the application of the LAKEVIEW-PINE CREEK ELECTRIC COMPANY for authority to increase rates. } No. U-F-195

(ORDER ENTERED JANUARY 17, 1918.—P. S. C. ORDER NO. 326)

#### FINDINGS AND ORDER

The Lakeview-Pine Creek Electric Company on August 7, 1917, placed before the Commission an application for increase in its exchange rates for telephone subscribers in Lakeview, setting forth that the applicant is a corporation of the State of Oregon, that its principal place of business is at Lakeview, Oregon, and that it is a public utility engaged in the ownership, management, operation and control of a telephone system for the conveyance of telegraph and telephone messages and that as such public utility it is subject to the jurisdiction of the Public Service Commission of Oregon and the provisions of Chapter 279 of the General Laws of Oregon for the year 1911.

Normal operating expenses experienced prior to the hearing in this matter are shown by the record as follows:

Electrician's salary .....	\$ 67.50
First operator .....	35.00
Second operator .....	30.00
Relief operator .....	12.50
Bookkeeper .....	15.00
Rent of office .....	15.00
Light and power (average estimate) .....	10.00
Heat (average estimate) .....	10.00
Maintenance, supplies and labor .....	15.00
<b>Total .....</b>	<b>\$210.00</b>

These expenses include neither an allowance for depreciation nor any salary for the service of a general manager. In regard to the latter item, it is the opinion of the Commission that \$85.00, the amount claimed in its reports by the applicant, is excessive and an exorbitant allowance in view of the showing of the record that the so-called general manager neither spends an appreciable amount of time in the interest of the telephone business, nor assumes any considerable amount of responsibility in its management.

One hundred twenty-five dollars (\$125.00) per month is considered an ample compensation to be paid one or more persons for the performance of work now done by the general manager, the electrician and bookkeeper.

Taxes upon the property during the year ended December 31, 1916, were \$56.22.

The typical monthly income statement of the utility after the adjustment discussed above appears as follows:

Operating revenues .....	\$465.25
Operating expenses:	
Operators' wages .....	\$ 77.50
Other salaries .....	125.00
Office expenses .....	35.00
Maintenance, supplies and labor .....	15.00
Depreciation .....	40.00
Total .....	\$292.50
Net operating revenue .....	\$172.75
Taxes .....	\$ 5.00
Uncollectible operating revenue .....	5.00
Operating income .....	\$162.75

Operating income amounting to \$1,953.00 per year is available for return and whatever improvements or extensions may be necessary in the present service.

An estimate of reproduction cost new of the property was prepared by the engineering department of the Commission and submitted as follows:

Pole lines .....	\$1,390.00
Aerial cable .....	889.00
Aerial wire .....	1,657.00
Central office equipment .....	1,520.00
Substation apparatus .....	1,833.00
Substation installation .....	245.00
Furniture and fixtures .....	225.00
Tools .....	50.00
Superintendence, engineering and general expenses .....	746.00
Interest during construction .....	170.00
Working capital .....	350.00
Total .....	\$9,075.00

The depreciation accrued on account of age, use and obsolescence of the equipment was estimated at \$2,976.00, and the reproduction cost new less depreciation at \$6,249.00. The Commission believes a reasonable value for rate making purposes after full consideration of the normal condition of the system and the cost of developing the business to its present stage is \$7,500.00.

An annual allowance for depreciation of \$480.00 in addition to normal maintenance expenses already set out will be sufficient and necessary to properly provide for the integrity of the investment and the replacement of the equipment at the end of its useful life in service.

The record shows a general demand for all night telephone service in Lakeview, particularly on account of the unusual dependence of the residents in the town and adjacent territory upon this means of communication in emergencies, such as fire, sickness and potential trouble which until recently has been felt imminent in connection with the agitation of I. W. W. members in that section. No opposition appeared to the increase in rates for continual service and likewise no dissatisfaction with the charges now being made.

For the addition of night service to the present hours of operation of the applicant's system, it will be necessary to engage the services of an operator for that purpose and to supply additional fuel, power and light. A reasonable allowance to cover these additional expenses is \$480.00 per year, which, deducted from the operating income heretofore determined, indicates that the company may receive a return of \$1,473.00, approximately 20 per cent upon the value hereinbefore found reasonable for rate making purposes, after deducting from the operating revenues such reasonable amounts for operating expenses as may be necessary, including the provision of night service.

After due consideration of the utmost possibility for variation in revenues and expenses for unforeseen causes and from season to season, the Commission is of the opinion that the owners are now receiving an unreasonably high return upon their investment and that under the present rates without additional charges the Lakeview-Pine Creek Electric Company may reasonably and profitably fur-

nish its subscribers with continuous service for twenty-four hours each day. The present rates compare favorably with those of other utilities throughout the state for first class twenty-four-hour service, and from the foregoing findings appear to be ample to properly supply the same quality of service in Lakeview, at the same time yielding the owners a substantial and fair profit in excess of expenses, taxes, depreciation, etc.

The Commission also recognizes from the record that the operating force on the switchboard is paid the least possible wages that could be considered in the face of the handsome profit which has been received by the applicant, and, in view of the living conditions which are encountered in Lakeview, does not hesitate at this point to state that in its opinion the least wage that should be paid its experienced operators is that ordered by the Industrial Welfare Commission in its Order No. 16, dated July 3, 1916. This would amount approximately \$35.00 per month for second operators, not including relief or night attendants.

Upon consideration of the foregoing findings and the full record before it, the Commission

**THEREFORE ORDERS** that the application of the Lakeview-Pine Creek Electric Company for an increase in its rates to provide for the establishment of night service be and the same hereby is denied.

**AND IT IS FURTHER ORDERED** that the applicant continue its present rates and provide for its subscribers twenty-four-hour service without interruptions; and that the applicant observe the requirements of the above-mentioned order No. 16 of the Industrial Welfare Commission in regard to its minimum payment for experienced operators.

**AND IT IS FURTHER ORDERED** that the applicant set aside in a depreciation reserve account the annual allowance hereinbefore found reasonable for that purpose and that all moneys available for that reserve shall be placed in a reserve fund and expended only in such manner as is provided by law and according to plans which shall be submitted to the Commission for its approval.

A reasonable time for this order to become effective is February 1, 1918.

In the matter of rates, charges and regulations of the }  
PACIFIC TELEPHONE AND TELEGRAPH COMPANY. (In- } No. U-F-117  
vestigation on Commission's own motion.) }

(ORDER ENTERED JANUARY 29, 1918.—P. S. C. ORDER NO. 327)

For some time the Public Service Commission of Oregon has had pending before it an investigation undertaken on its own motion of each and every rate, toll, charge, rule, regulation and practice maintained in the management and operation of the telephone system of the Pacific Telephone and Telegraph Company within the State of Oregon, and has from time to time issued findings and orders therein pertaining to the value of property involved in the service of the public and to certain of the above-enumerated matters.

On January 1, 1918, the Pacific Telephone and Telegraph Company made effective, and designated as Tariff P. S. C. Or. No. 103, a revised schedule of long distance toll charges for such business within the State of Oregon, which schedule was based upon the plan of consistent air line mileage measurements between stations, and which eliminated the cause of frequent complaints against unequal charges for equal distances and equal charges for unequal distances.

Although the Commission believes that there is no more scientific method of assessing toll rates for long distance conversations, it is now apparent that, in accomplishing the idea of consistent charges on the direct air line mileage basis, increases were made in rates for service between certain stations and decreases were made between certain other stations, and that the net result figured upon normal traffic conditions is an increase in the toll operating revenue of the company due to the existence of increases on a large number of heavy traffic routes not completely offset by similar decreases.

The Commission, after fully considering the effect of these rates and in view of the proceedings pending before it, is of the opinion that the increase resulting from the new schedule is of such extent as to require complete investigation before the rates shall be allowed to continue in effect.

IT IS, THEREFORE, ORDERED that on and after February 1, 1918, the rates and charges in said Tariff P. S. C. Or. No. 103 of the said Pacific Telephone and Telegraph Company be altered and amended so as to conform to the rates and charges maintained by the company prior to January 1, 1918, until such time as the Commission may complete an investigation and decision in regard to the reasonableness thereof.

LYN A. BROWN, JOHN HARRISON, J. A. PUTMAN, *et al.*, }  
v. } Plaintiffs, } No. U-F-198  
MOYER WATER SYSTEM, } Defendant.

(ORDER ENTERED JANUARY 30, 1918.—P. S. C. ORDER NO. 328)

On the 27th day of August, 1917, there was filed with this Commission by several residents of Brownsville, Linn county, Oregon, a complaint alleging that the rates and charges imposed by the Moyer Water System are unjust and unreasonable and that the supply of water furnished is inadequate, impure and of such quality as to endanger the health of the patrons of the company.

\* \* \*

#### FINDINGS

From a personal inspection of the premises and a full consideration of the entire record before it, the Commission finds:

1. That the Moyer Water System of Brownsville, Oregon, is the property of the estate of H. B. Moyer, deceased, is a public utility, engaged in the ownership, operation, management and control of a plant and equipment for furnishing and delivering water in the city of Brownsville, Oregon, to and for the public, and as such is a public utility and subject to the provisions of Chapter 279 of the Laws of Oregon for the year 1911;

2. That the water system of the defendant consists of a well sunk beside the Calapooia river, a pumping plant equipped with two six by six duplex Dow pumps, a reservoir with a capacity of about 80,000 gallons, and a distribution system;

3. That the city's sewer system empties into a branch of the Calapooia River above the pumping plant of the defendant, and during certain stages of the river may very easily become a source of water contamination;

4. That the well from which the water is obtained and the ground adjacent thereto is not properly protected from trespassers and other sources of pollution;

5. That the water now being furnished by the defendant to the public is impure and unfit for human consumption;

6. That, owing to the waste of water by certain consumers of the defendant and to the abuse of the sprinkling privilege during the summer season, the supply of water in defendant's reservoir often becomes depleted and necessitates shutting off the water during the night in order to maintain in the reservoir a sufficient head for fire protection;

7. That at times the service of the defendant has been shut off without notice to its patrons;

8. That the service afforded by the defendant is in the respects hereinbefore enumerated inadequate, insufficient and unreasonable;

9. In order that the service of the defendant may be adequate and reasonable, it is necessary for the defendant to provide, furnish and thereafter maintain certain additional facilities in connection with its existing water system, as follows:

(a) An effort should be made to have the sewer outlet extended into the stream to a point below the water intake, and to endeavor to see that no pollution of the stream from any other source is permitted.

(b) The well should be inclosed in a tight and substantial fence to prevent the intrusion of animals and unauthorized persons, and the brush cut away from the immediate vicinity of the well.

(c) The well should be open to permit of the screening of the pump intake, and thereafter proper cleaning and renewal of the same, and a calsson inclosing the well and securely covered, built to extend above the present surface of the ground to a point two feet above the known maximum high water mark.

(d) The pumping plant and pumps should be kept clean and free from excess oils.



(e) The reservoir should be drained and cleaned sufficiently often to insure cleanliness, and at least every ninety days.

(f) A sterilization plant of approved type should be installed and maintained.

(g) Samples of the water furnished to the public should be sent to the State Board of Health for analysis for purity every thirty days until further notice, and a copy of the reports of such tests forwarded to this Commission.

(h) Rules requiring sprinkling on alternate days during the summer season should be established and all rules concerning sprinkling rigidly enforced.

(i) Meters should be installed for large industrial users to locate and prevent unreasonable usage or waste.

(j) Advance notice should be given to customers of contemplated discontinuance or interruption to service.

Six months is a reasonable time within which the defendant should install the sterilization plant hereinbefore mentioned, and sixty days is a reasonable time within which all other provisions of this order should be complied with.

#### ORDER

IT IS, THEREFORE, ORDERED that the defendant shall, within the time hereinbefore mentioned, provide, furnish, supply and thereafter maintain and operate the facilities hereinbefore found to be reasonably necessary to furnish adequate service in lieu of the service hereinbefore found to be unreasonable and inadequate.

In the matter of the application of the PACIFIC TELEPHONE  
AND TELEGRAPH COMPANY for authority to close public  
office and discontinue rates applying to and from  
Cleone, Multnomah county, Oregon. } No. U-F-208

(ORDER ENTERED JANUARY 30, 1918.—P. S. C. ORDER NO. 329)

Application having been made by The Pacific Telephone and Telegraph Company for authority to discontinue rates by it maintained from Cleone, Multnomah county, Oregon, to various points in the State of Oregon as set forth in paragraphs 4 and 5 of the above-mentioned application, and to discontinue public office at Cleone, Multnomah county, Oregon:

And it appearing that the rates sought to be discontinued apply from a station which has been abandoned by the parties for whose use it was established, and no public interest will be jeopardized by the granting of this application:

IT IS ORDERED that applicant be and hereby is authorized to discontinue its rates to and from Cleone, Multnomah county, Oregon, as set forth in its Toll Tariff Schedule No. 103, on file with this Commission, and to discontinue public office at said point.

In the matter of suspension of the rates in Tariff No. 3  
of the NORTHWESTERN LONG DISTANCE TELEPHONE  
COMPANY. } No. U-F-212

(ORDER ENTERED JANUARY 30, 1918.—P. S. C. ORDER NO. 330)

The Northwestern Long Distance Telephone Company, operating a system of telephone lines in the State of Oregon for the purpose of affording public facilities for long distance telephone conversations, on January 19, 1918, filed with the Public Service Commission of Oregon, to become effective February 1, 1918, a schedule of rates designated as Northwestern Long Distance Telephone Company Tariff No. 3, superseding and canceling Tariff No. 2 and all supplementary tariffs issued prior to that date,

The revised tariff was issued by reason of the filing by the Pacific Telephone and Telegraph Company of a revised schedule of long distance telephone rates which became effective January 1, 1918, and by reason of a decree entered in the district court of the United States for Oregon, on or about March 26, 1913, in which it was ordered that if the lines of the Northwestern Long Distance Telephone Company should be connected and service interchanged with the local

exchange of the Pacific Telephone and Telegraph Company at Portland, Oregon, the long distance rates of the Northwestern Long Distance Telephone Company should be the same as the rates charged, under like conditions, by the Pacific Telephone and Telegraph Company.

The rates of the Pacific Telephone and Telegraph Company, by Order No. 327 of this Commission, issued on January 29, 1918, now having been altered and amended to conform to the rates and charges existing prior to January 1, 1918, and the Commission being possessed of the permission of the Northwestern Long Distance Telephone Company, as required by law, to suspend its Tariff No. 3;

IT IS, THEREFORE, ORDERED that Tariff No. 3 of the Northwestern Long Distance Telephone Company be and the same hereby is suspended from and after the date hereof until such time as the Commission may complete its investigation and render a decision in regard to the reasonableness of the rates and charges made for long distance telephone conversations by the Pacific Telephone and Telegraph Company in the State of Oregon.

CITIZENS OF HILLSBORO,

v.

SOUTHERN PACIFIC COMPANY,

Plaintiffs, }

Defendant. }

No. F-589

(ORDER ENTERED FEBRUARY 9, 1918.—P. S. C. ORDER NO. 331)

The complaint herein alleges that the defendant company is not providing sufficient service and facilities for the accommodation of the traveling public in that it has failed to provide adequate station facilities or shelter at the intersection of the Tillamook branch of said company with its electric line at Main and North Range streets in the city of Hillsboro.

The Commission now being fully advised in the premises makes the following findings:

4. There are operated over each of said lines of railroad approximately ten trains daily, between which trains there is more or less transfer of passengers, such transfer being made at said intersection at Main and North Range streets in the said city of Hillsboro. While the defendant company now maintains two waiting rooms for passengers in said city of Hillsboro, neither of said waiting rooms is conveniently located for the accommodation of passengers transferring from one branch to the other. Further, the waiting room maintained at Second and Railroad streets is the only one in said town which is located on the Tillamook branch of said defendant company, and said waiting room is so far distant from the business section of the said city of Hillsboro that it can not be conveniently used by the patrons of said line going to and from Hillsboro, and as a consequence most of the local traffic on said line boards and leaves the trains at Main and North Range streets.

5. The defendant maintains at said intersection of the said branch lines at Main and North Range streets in the city of Hillsboro no station facilities of any kind for the accommodation of its patrons.

6. That the aforesaid regulation and practice and the service afforded by the defendant are in the respects above mentioned and by reason of the foregoing matters and things, inadequate, unreasonable and insufficient.

7. That adequate, reasonable and sufficient service and facilities for the defendant to afford in the premises would be to install and thereafter maintain at or near the intersection of Main and North Range streets in the said city of Hillsboro, a passenger waiting room containing approximately 200 square feet of floor space.

8. Ninety days is a reasonable time within which to comply with the provisions of this order.

IT IS, THEREFORE, ORDERED that within sixty days from and after the service of a copy of this order upon it the defendant, Southern Pacific Company, shall install and thereafter maintain, in lieu of the service hereinbefore found to be inadequate, unreasonable and insufficient, the adequate, reasonable and sufficient service and facilities prescribed in paragraph 7 hereof.

Provided, however, that this order is conditioned upon the city of Hillsboro, Oregon, permitting by granting to the said Southern Pacific Company an easement or otherwise the construction of said station building in the unused portion of North Range street or Plaza street adjacent to the intersection of the tracks above mentioned.

In the matter of the application of the CANYONVILLE TELEPHONE COMPANY for an increase in rates. } No. U-F-180

(ORDER ENTERED FEBRUARY 9, 1918.—P. S. C. ORDER NO. 335)

This application was brought before the Commission by the Canyonville Telephone Company, a corporation existing by virtue of the Laws of the State of Oregon, and a public utility within the meaning of Chapter 279 of the General Laws of Oregon for 1911, engaged in the ownership, management, control and operation of telephone equipment for the conveyance of telephone and telegraph messages in, from and to the community comprising the town of Canyonville and vicinity.

The reason set out in the application for the adjustment of rates is that the company is not able to obtain revenue under the present charges to provide either good service or proper maintenance for the equipment.

From the record it appears that the property of the applicant consists of a telephone exchange, local lines and accessory equipment in the town of Canyonville, the estimated cost to reproduce which has been placed at not to exceed \$950.00, including working assets.

The reproduction cost new of the property lessened by depreciation accrued on account of age, use and obsolescence is shown to be approximately \$500.00.

The subscribers to the service are shown by the following classified list:

Kind of service	Subscribers using private instruments	Subscribers using company instruments	Subscribers owning stock in connecting lines	Monthly revenue
Party line .....	36	20	54	\$19.00
Private line .....	1	4	.....	4.50
Business service .....	2	1	.....	2.00
Business extension .....	1	1	.....	1.50
Total .....	40	26	54	\$27.00

The total normal revenue of the company is increased to \$31.27 per month by the addition of commissions received from long distance and other toll business transacted through the exchange.

The present schedule of the company is normally upon the basis of sixteen hours continuous operation, although emergency calls are answered at all times without extra charge. Considerable complaint was registered as to the quality of service available through the switchboard of the applicant, and, while this equipment is of obsolete type and probably not capable of giving ideal service, that class of service very evidently could not be given with any equipment when the rural lines are maintained in the condition in which the record shows them to be at this time.

Free service is exchanged by the applicant between its subscribers and those of the Riddle Telephone Company over a line connecting the two towns. This line was built by patrons of the two companies but the expense of operating and maintaining it is a part of the expense borne by the two companies, each undertaking the responsibility for approximately one-half of the line.

Due to the absence of accurate record the exact amount of expense actually and normally entailed in supplying service with the applicant's system is unknown, but it can be said without hesitancy that a total revenue of \$31.27 per month is not sufficient to meet reasonable expenses of adequate and efficient

service on the schedule of hours mentioned together with depreciation and taxes. The rates now charged and which yield that amount are therefore considered unjust and unreasonable.

Just, reasonable and not unjustly discriminatory rates and charges for the applicant to make for telephone service through its Canyonville exchange, predicated upon the furnishing of reliable service on the present schedule of hours, are determined to be as follows:

## EXCHANGE RATES

Business service, individual line .....	\$2.00 per month
Business service, two party lines .....	1.75 per month
Business service, four to eight parties .....	1.50 per month
Residence service, individual .....	1.50 per month
Residence service, two party lines .....	1.25 per month
Residence service, four to eight parties .....	1.00 per month

The above rates will apply for complete service with equipment owned, operated and maintained by the company.

Reduction of the regular rental allowance will be made from the rate if the subscriber owns his own instrument.

Connecting line switching .....

Rent of company instrument .....

Battery maintenance on company instruments rented on connecting lines .....

Connecting line rentals payable quarterly in advance.

Other rates payable monthly in advance.

Five per cent discount will be given for payment within ten days after date of bill.

All contracts or agreements for service to subscribers on connecting lines shall be made only with a duly appointed representative of the connecting line or association and the line or association so contracting shall be responsible for all rentals and charges for the service agreed upon.

The Commission, after fully considering the foregoing findings and the entire record before it,

ORDERS that the applicant, the Canyonville Telephone Company, be and the same hereby is authorized to discontinue its present rates and charges for telephone service, which have hereinbefore been found unreasonable, and that in lieu thereof shall be established the rates and charges herein found to be just, reasonable and not unjustly discriminatory.

AND IT IS FURTHER ORDERED that on or before the effective date of this order the Canyonville Telephone Company shall file with the Commission a tariff under designation of P. S. C. Or. No. 2, which shall cancel and supersede all existing tariffs and shall include the rates and charges herein ordered and such other rates, rules and regulations not in conflict with the spirit of this order as the company may now have in effect or may find necessary in the conduct of its business.

The Commission may at any time alter or amend this order if proper showing is made to it that the Canyonville Telephone Company has not made all reasonable efforts to provide the adequate and satisfactory service upon which these rates are conditioned.

A reasonable date upon which this order shall take effect is March 1, 1918.

In the matter of the application of the RIDDLE TELEPHONE }  
COMPANY for authority to increase rates. } No. U-F-190

(ORDER ENTERED FEBRUARY 9, 1918.—P. S. C. ORDER NO. 336)

On the 8th day of June, 1917, the applicant herein presented to the Commission its application for a readjustment and advance in its present rates in order that it might obtain sufficient revenue to maintain, operate and extend its service in a manner satisfactory to the company and its patrons.

From the record it appears that the reproduction cost new of the property of the Riddle Telephone Company at the date of hearing, October 30, 1917, was approximately \$1,900.00, which amount, due to age, use, deferred maintenance and general obsolescence of equipment, had been reduced by depreciation accrued

In the amount of \$650.00. The reproduction cost lessened by accrued depreciation was \$1,250.00. In addition to operating its own lines the applicant also operates and maintains a portion of a line extending between the towns of Riddle and Canyonville, over which free service is exchanged between the subscribers of the Riddle Telephone Company and the Canyonville Telephone Company. The investment in this line was made by patrons of the two companies.

The patronage of the Riddle Telephone Company consists of an average of from seventy to seventy-five subscribers paying rates ranging from 25 cents per month for switching service only to \$1.25 per month for main line business service. In 1916 the company received a total revenue of \$427.70, including commissions on toll business transacted through its exchange with the lines of other companies. Of this total operating revenue, that from local exchange and switching rental alone amounted to approximately \$390.00.

Accurate records are not available as to the actual expenses incurred in the operation of the system. The record shows that in 1916 the amount actually taken out of the business by two persons for the management of the concern, operation of the switchboard in giving not less than thirteen hours' service per day, rent of quarters, purchase of fuel and light, collection of bills, supply of necessary labor for maintenance of the plant and other miscellaneous and general expenses, was approximately \$30.00 per month. In this figure, however, there was not taken into consideration the fact that an appreciable portion of the revenue had been spent for material in the nature of addition to capital investment, which can not be considered as operating expenses.

With due weight given to these facts, the Commission believes that it is unreasonable to expect the owners of this system to give service with no more compensation than they are now able to obtain under the rates in force. It is practically impossible to give reasonably adequate service for such compensation. Inspection shows, and applicant admits, that the lines have been improperly maintained, a condition due not only to the inability of the company to procure money to defray expenses, but also due to the uncertainty attached to its operations by the refusal of the town of Riddle to grant it a franchise. The applicant has expressed its intention and desire to render more satisfactory service if it can be assured of sufficient revenue to meet the necessary expenses entailed and of a proper guarantee of faith on the part of the municipality. The Commission believes that both such guarantee and assurance should be provided insofar as the demands of the utility are not unreasonable. The apparent need of the municipality for such a utility, as shown by the use of the service, and the ultimate benefit which may undoubtedly be derived by the community in the development within its bounds of an adequate telephone system prompt the Commission to the belief that the town of Riddle might profitably sanction a fair agreement with the Riddle Telephone Company for the use of the town streets and the operation of its business.

In view of the foregoing findings, it is the opinion of the Commission that the present rates of the company are unjustly discriminatory and unreasonable. Just, reasonable and not unjustly discriminatory rates to be charged by the applicant for the class of service which it offers have been determined as follows:

#### EXCHANGE RATES

Business service, individual line .....	\$2.00 per month
Business service, two-party line .....	1.75 per month
Business service, four to eight-party line .....	1.50 per month
Residence service, individual line .....	1.50 per month
Residence service, two-party line .....	1.25 per month
Residence service, four to eight-party line .....	1.00 per month

The above rates will apply for complete service, with equipment owned, operated and maintained by the company.

Reduction of the regular rental allowance will be made from the rate if the subscriber owns his own instrument.

Connecting line switching .....	\$5.00 per year
Rent of company instrument .....	25c per month
Battery maintenance on company instruments rented on connecting lines .....	25c per month

Connecting line rentals payable quarterly in advance.

Other rates payable monthly in advance.

Five per cent discount will be given for payment within ten days after date of bill.

All contracts or agreements for service to subscribers on connecting lines shall be made only with a duly appointed representative of the connecting line or association, and the line or association shall be responsible for all rentals and charges for service agreed upon.

The Commission, after fully considering the foregoing findings and the entire record before it,

ORDERS that the applicant, the Riddle Telephone Company, be and the same hereby is authorized to discontinue its present rates and charges for telephone service which have hereinbefore been found unreasonable, and that in lieu thereof shall establish the rates and charges set out as just, reasonable and not unjustly discriminatory.

CITIZENS OF GARIBALDI, OREGON,  
v.  
SOUTHERN PACIFIC COMPANY,

Plaintiffs, }  
Defendant. } No. F-701

(ORDER ENTERED FEBRUARY 6, 1918.—P. S. C. ORDER NO. 337)

Complaint herein alleges that the public needs demand that an agent be maintained permanently at the station of Garibaldi, and that the traveling and shipping public of that vicinity are greatly inconvenienced by the failure of defendant Southern Pacific Company so to do.

It appears from the record that the defendant company now maintains at said station of Garibaldi a suitable station building for the accommodation of passengers and freight, and that during the summer season of the year when business at such point is somewhat heavy it is operated as a regular agency station. During the winter months, however, the station is looked after by a caretaker, who has the custody of the key to the freight room and who also keeps the station waiting room open for a short time prior to the arrival of trains. The traffic to and from this station during the winter months is somewhat limited, and the record indicates that should a regular agent be maintained there he would have only about two hours' work each day. Nor does it appear that the traveling or shipping public are subjected to any undue inconvenience by reason of the absence of an agent.

The Commission is, therefore, of the opinion and finds that the complaint herein should be dismissed.

CITY OF ST. HELENS, OREGON, a municipal corporation;  
E. I. BALLAGH, as trustee of Avon Lodge No. 62,  
Knights of Pythias; H. MORGUS and W. W. BLAKESLY,  
v.  
ST. HELENS LUMBER COMPANY, a corporation, Defendant.

No. U-F-193

(ORDER ENTERED FEBRUARY 15, 1918.—P. S. C. ORDER NO. 340)

The above entitled matter is before the Commission upon complaint of the city of St. Helens, a municipal corporation, and certain residents of said city, praying that the St. Helens Lumber Company be required to furnish said city and residents thereof with adequate steam-heating service.

After due notice this case came on regularly for hearing at the courthouse in the city of St. Helens, Oregon, on Saturday, the 27th day of October, 1917, at which time and place the following appearances were entered:

**Appearances:**

For complainants, J. W. Day, attorney.

For defendant, George McBride, attorney.

From the record it appears that the defendant St. Helens Lumber Company is an Oregon corporation, engaged primarily in the operation of a mill and equipment for the manufacture of lumber, and that such defendant owns and operates in connection with such mill and as an incident thereto a plant and equipment for the furnishing of heat to and for the public within the city of St. Helens. Said defendant also operates a plant whereby it furnishes to the city of St. Helens and its inhabitants electricity for lighting and other purposes.

The defendant company made application to the city of St. Helens for permission to lay service pipes for steam heat in the streets of said city and from nineteen hundred ten (1910) up to and including the date of the complaint herein, July 30, 1917, furnished a steam heat service to and for the public, charging a certain fixed rate and receiving pay therefor.

At various times advertisements were carried in the local paper extolling the advantages of steam heat, and, believing that such service would be maintained, residents of St. Helens to the probable maximum number of fifty availed themselves of the service offered and installed radiators and necessary piping at considerable expense, which radiators and piping can not readily be adapted to other than a steam heating system or service.

During the year 1914, in an effort to furnish adequate steam heating service and at the same time maintain the normal output of lumber, two additional boilers were installed by the defendant.

Difficulty was experienced in laying the steam pipes due to rock formation of the locality in question and to avoid an unreasonable expense it was found necessary to lay numerous pipes close to the surface of the ground, thus tending to produce a condensation of steam and greatly interfere with the service furnished to customers remote from the plant.

Due to the inability of the company to furnish adequate service, certain of the customers became dissatisfied and voluntarily discontinued the use of steam, while others within a limited area contiguous to the plant of the company are satisfied with the service afforded.

Intending and desiring to further increase the lumber cut by use of additional equipment, thereby necessitating the employment of a greater amount of steam for power purposes, defendant notified its patrons by letter on August 20, 1916, that it would be impossible to furnish steam for heating purposes after January 1, 1917, and again on June 13, 1917, notification was given that service would be discontinued on and after July 1, 1917. In accordance with such notice service was discontinued on the first day of July, 1917, but, upon filing of the complaint herein, service was later restored temporarily within a limited area.

It appears from the record that by the terms of a fire insurance contract carried on its mill property the defendant is at all times required to have an attendant upon the premises, and, at times when the mill would not be in operation, steam must be maintained in the boilers for the maintenance of the electric light service, so that the mill boilers do not have to be operated solely on account of the heating service.

From a full consideration of the testimony and exhibits introduced, and the knowledge acquired through a personal inspection of the premises, the Commission makes the following findings:

1. That the St. Helens Lumber Company is a corporation of the State of Oregon engaged in the ownership, operation and control of a plant and equipment for the furnishing and delivery of steam heat to and for the public within a certain limited district of the city of St. Helens, and as such is a public utility and subject to the provisions of Chapter 279 of the Laws of Oregon for 1911, and acts amendatory thereof and supplemental thereto.
2. That the defendant has held itself out to the citizens of St. Helens as being ready and willing to furnish steam heating service and by such action has caused many persons to purchase and install radiators and pipes for such service, and to rely upon the defendant for furnishing same; and that there is at this time a public demand for the continuance of such service.
3. That it is entirely practicable, at a reasonable expense, for defendant to furnish an adequate and uninterrupted steam heating service, under present circumstances and conditions within the area bounded on the west by the west line of Columbia street, on the north by the south line of the Plaza block, on the east by the Columbia river, and on the south by the south line of McCormick street.
4. That the defendant should be required to continue to furnish adequate and uninterrupted steam heating service within the certain prescribed district set out.

IT IS, THEREFORE, ORDERED that the St. Helens Lumber Company continue to furnish and provide an adequate and uninterrupted steam heating service within the district above described;

AND IT IS FURTHER ORDERED that within ten days from and after the receipt of this order the said defendant shall file with this Commission a tariff or schedule of rates and charges covering the steam heating service hereinbefore prescribed.

In the matter of the application of SOUTHERN PACIFIC COMPANY, OREGON-WASHINGTON RAILROAD AND NAVIGATION COMPANY, SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, OREGON ELECTRIC RAILWAY COMPANY, PORTLAND RAILWAY, LIGHT AND POWER COMPANY, NORTHERN PACIFIC TERMINAL COMPANY OF OREGON, OREGON TRUNK RAILWAY, UNITED RAILWAYS COMPANY, PACIFIC AND EASTERN RAILWAY, and OREGON SHORT LINE RAILROAD COMPANY for relief from the requirements of Section 6890 of Lord's Oregon Laws, as amended by Chapter 165 of the Laws of Oregon for 1917, relative to the posting of changes in rate schedules. } No. F-708

(ORDER ENTERED MARCH 8, 1918.—P. S. C. ORDER NO. 345)

This matter came on regularly for hearing before the Commission on February 23 at Portland, Oregon, pursuant to due notice of such hearing, upon the application of the above-named carriers for relief from the requirements of Section 6890 of Lord's Oregon Laws, as amended by Chapter 165 of the Laws of Oregon for 1917, which said section so amended is as follows:

"Section 6890. Whenever a change is made in any existing schedule, including schedule of joint rates, a notice shall be posted and kept posted by the railroad in a conspicuous place in every depot, station and office where an agent is maintained, stating what changes have been made in the schedules on file, specifying the class or commodity affected and the date when the same will take effect.

"Provided, that the Commission may, in its discretion and for good cause shown, modify or suspend the requirements of this section in respect to posting changes in schedules, either in particular instances or by a general order."

Applicant appearing by Ben C. Dey, there being no other appearances, and it appearing to the Commission from the testimony introduced at the hearing and from the complete record herein that the requirements of said Section 6890 as amended accomplish no good purpose and that compliance therewith is extremely burdensome and annoying to the applicants, and it further appearing that good and sufficient reason has been shown why the requirements of this section should be suspended and there being no objections in the record to such suspension;

IT IS, THEREFORE, ORDERED that the application herein be granted and that the requirements of said Section 6890 as amended in respect to the posting changes in schedules be and the same is hereby suspended and that the petitioners be not required to comply with the provisions thereof.

AND IT IS FURTHER ORDERED that this suspension shall continue subject to the right of the Commission to recall or amend the same at any time for cause shown.

G. P. WHITE, } Plaintiff,  
v. }  
OREGON-WASHINGTON RAILROAD AND NAVIGATION COM- } No. F-674  
PANY, } Defendant.

(ORDER ENTERED MARCH 7, 1918.—P. S. C. ORDER NO. 346)

#### AMENDED ORDER

Pursuant to a stipulation entered into between the parties hereto, by their respective attorneys,

IT IS ORDERED that P. S. C. Or. Order No. 317 issued in the above-entitled matter on the 31st day of December, 1917, be and it hereby is amended to provide as follows:

IT IS ORDERED that, conditioned upon the abandonment of the three open grade crossings now existing between Arlington and Heppner Junction on the line of the Oregon-Washington Railroad and Navigation Company and the



payment by the plaintiff of the sum of \$600.00 toward the cost of the installation of such undergrade cattle crossing, the defendant shall within ninety days from the date hereof, construct and thereafter maintain upon its line of railroad two undergrade crossings, one to be located at the most practicable point at or near railroad mile post No. 140½, and the second undergrade crossing to be located at the most practicable point at or near mile post No. 145½, said undergrade crossings to have a minimum horizontal clearance of eight feet and a minimum vertical clearance of eight feet.

In the matter of the petition of A. H. SCHLOTTMANN, J. R. NEILL, M. C. LARSEN, *et al.*, for change of location of Elmonica station. } No. F-726

(ORDER ENTERED MARCH 9, 1918.—P. S. C. ORDER NO. 347)

This matter is before the Commission upon the petition of A. H. Schlottmann and about forty others, residents of the vicinity of Elmonica station, on the Forest Grove line of the Oregon Electric Railway Company, in Washington county, Oregon, asking that the station and shelter shed there located be moved approximately 600 feet in an easterly direction to a point adjacent to the intersection of said line of railroad with the Base Line road.

Elmonica station is a small flag station located on the Forest Grove line of the Oregon Electric Railway Company approximately fourteen miles from Portland between the stations of Santa Rosa and Quatama, the former being approximately 2,100 feet easterly and the latter one and seven-tenths miles westerly from Elmonica. The petition filed herein asks that Elmonica station be moved approximately 600 feet easterly, which would put it within 1,500 feet of the station at Santa Rosa and increase the distance between Elmonica and Quatama correspondingly.

Reviewing the situation, it appears that the sentiment of the residents of this locality is about equally divided as to the necessity and desirability of relocating the station. In any event the convenience or inconvenience to patrons is slight and the element of hazard would probably be increased if the station was relocated adjacent to the county highway as contemplated.

The Commission is, therefore, of the opinion and finds that it should not require the said station and shelter shed at Elmonica station to be moved as prayed for in the petition filed herein, and that the said petition should be denied.

IT IS, THEREFORE, ORDERED that the petition filed in the above entitled matter for the removal of Elmonica station be and it hereby is denied.

In the matter of the application of the CITY OF PORTLAND, OREGON, a municipal corporation, for the privilege to construct Gibbs street across the railroad tracks of the SOUTHERN PACIFIC COMPANY in Moody street, Portland, Oregon, at grade. } No. F-724

(ORDER ENTERED MARCH 13, 1918.—P. S. C. ORDER NO. 351)

Application has been made by the city of Portland, Oregon, for permission to construct Gibbs street across the tracks of the Southern Pacific Company on Moody street at a common grade therewith. Pursuant to the notice required by law, this matter came on regularly for hearing at the courthouse in the city of Portland on the 23d day of February, 1918, at which time and place the testimony and proofs were offered and received. All the testimony having been

taken, and the Commission having viewed the site of the proposed crossing, as well as the surrounding territory, the matter now stands fully submitted and ready for decision.

\* \* \* \* \*

The crossing as prayed for by the city of Portland is for the purpose of serving the shipbuilding plants of the Columbia River Shipbuilding Corporation, the Northwest Steel Company and the Coast Shipbuilding Company, and more especially to furnish additional facilities for fire fighting appliances to reach these plants in case of fire. At the present time these plants are served by one crossing only, located at Sheridan street, which is inadequate to meet the needs of these industries owing to the large amount of traffic to and from their plants, and in case of fire this street would not furnish a short or direct means of reaching the plant of the Coast Shipbuilding Company, nor a convenient means of reaching the other two plants here mentioned by reason of the heavy traffic over such roadway. The nearest fire engine and the one most conveniently situated to serve these industries is located on First street near Gibbs, and this street affords the most direct and most available means of access to these shipbuilding plants, and if opened will furnish a much needed highway for traffic.

The percentage of grade on Gibbs street descending to the east is sixteen and one-half per cent, which grade terminates on the Southern Pacific Company's tracks, thus creating a hazardous condition. However, a more available means of reaching these industrial plants can not be provided without the expenditure of much time and a large amount of money.

Eventually there should be worked out a plan for the separation of grades in this immediate vicinity, which can be done by means of overhead structures, or paralleling Moody street and the Southern Pacific tracks with other roadways and installing crossings at some more favorable location than the one proposed at Gibbs street. This method of eliminating the hazard, which now exists and will continue to exist in a greater degree as the industrial development of this locality progresses, should receive the careful attention of the officials of the Southern Pacific Company and the city of Portland, so that a comprehensive plan may be eventually worked out whereby this danger may be avoided.

The Commission is reluctant to grant additional grade crossings of railroads with highways, and especially so in this instance, where the hazard is great, but, as heretofore stated, there is no other immediate solution of this problem.

Owing to the urgent necessity of expediting the building of ships to aid in the successful prosecution of the war, and in order that these industries may not be impeded in their operations, and the danger of fire reduced to a minimum, the need for this crossing would appear to be imperative.

IT IS, THEREFORE, ORDERED that the city of Portland, Oregon, be and it hereby is granted authority to extend said Gibbs street over and across the tracks of the Southern Pacific Company on Moody street at grade. It is to be understood, however, that the granting of this grade crossing is to be considered somewhat in the nature of a temporary expedient, subject to revocation by the Commission at any time in the future when conditions would seem to warrant such action.

The Commission requires as a necessary warning and protection of the public that such crossing be protected by the installation thereof of a crossing warning bell of approved type, with swinging arm and flashing light attachment; and that such crossing be protected by the installation of a fire semaphore similar to those now in use in the city of Portland. The Commission further requires that all trains shall come to a full stop before reaching the crossing in the event such fire semaphore is set against them, and shall not proceed over such crossing until it is ascertained that it is safe so to do. All trains operating over this crossing shall be under full control and in any event shall not move thereover at a speed in excess of twelve miles per hour.

The Commission finds as just and equitable that the cost of the construction and maintenance of this crossing, with the exception of that portion lying between the rails and extending for a distance of eighteen inches on the outside thereof, and the cost of installing and maintaining the fire semaphore herein provided for, shall be borne by the applicant; and that the cost of installing and maintaining the portion of said crossing lying between the rails and extending for a distance of eighteen inches on either side thereof, together with the cost of installing and maintaining the crossing warning bell herein provided for, shall be borne by the Southern Pacific Company.

C. J. LITTLEPAGE, C. A. MACRUM and M. A. MAYER,  
 v. MOSIER VALLEY TELEPHONE COMPANY, }  
 Plaintiffs, } No. U-F-184  
 Defendant, }

(ORDER ENTERED MARCH 19, 1918.—P. S. C. ORDER NO. 352)

This proceeding is before the Commission upon the petition of C. J. Littlepage, C. A. Macrum and M. A. Mayer, who were, prior to or at the date of hearing, subscribers to the service of the Mosier Valley Telephone Company at Mosier, Oregon. The complainants allege that the management of the company imposes charges for service which are unjustly discriminatory and in violation of the legal tariffs on file with the Public Service Commission of Oregon, and that at least one patron is being deprived of service on account of his unwillingness to comply with such unfair requirements. After recitation of these allegations, the petitioners requested that a hearing be given for the purpose of placing the rates of the company upon a fair and consistent basis.

The complaint involved in this case pertains principally to the method used by the defendant in classifying its subscribers. The principal complainant, C. J. Littlepage, prior to 1915, had received service from a line to which he testified there had been at one time more than five connections, and until that date he had paid a rate of \$1.00 per month as prescribed in the tariff for lines supplying from six to ten parties. At the time of the reclassification by the company in 1915, there happened to be less than six parties receiving service from this circuit. Accordingly the rate to all parties thereon was made \$1.25 per month, which amount Mr. Littlepage, then a director of the company, paid until early in 1917, at which time he requested to be resored to his original classification and was disconnected upon refusal to pay more than \$1.00 per month.

The Commission, although insisting upon the establishment of consistency and fair consideration in every case, is not in accord with the company in this method for classifying subscribers upon various lines. While there is no doubt that a reduction in the number of customers upon a given line tends to increase the revenue necessary from each in order that the installation may be profitable or self-supporting, this does not present a fair argument that, if such reduction temporarily occurs, the rate for each remaining subscriber should be automatically increased to that which is prescribed in the tariff for lines with the smaller number of connections. When subscribers contract for service the rate applicable to the number of customers then served upon a particular line may be a considerable factor in the attraction which decides them to become patrons of the company. This condition must be given full consideration when temporary vacancies occur upon any line. For a company to ignore it is no more reasonable than the proclamation of its right to force multiparty service upon a subscriber who has previously contracted for an individual line, is willing to pay a standard and presumably reasonable rate for it, and whose business requires such desirable facilities.

This method of classification and the rates as outlined have been applied to both urban and suburban lines without distinction. This practice appears impracticable. It is generally found impossible to make rates for rural lines having connections limited to less than four parties which will prove acceptable to possible subscribers and at the same time be properly remunerative to the company. It is not likely that the defendant could profitably serve all applicants throughout the countryside with main line, two-party or even four-party service, as the case might be, at rates which it would find low enough to attract the business on that basis. The Commission is also certain that the defendant can not, with any degree of financial success, indefinitely limit all of its present rural lines to the number of connections which may now exist thereon.

The existence of a rural line upon a two-party basis does not in itself justify its preservation as a two-party line unless the revenue therefrom can be made adequate enough to appear reasonable in connection with the cost of service upon that line and prevent the accumulation of a deficit from the operation thereof which will throw an undue burden either upon the company or its other patrons.

It seems to be the experience of utilities throughout the country that good service may be given to rural customers over lines owned entirely by the company, at rates satisfactory to the normal subscriber, only by filling those lines with connections, wherever possible, up to the maximum capacity permissible

in obtaining the quality of service demanded by the average subscriber. Rural or suburban lines with connections limited to a maximum of eight or ten parties are the means generally found satisfactory for service of such extensive sections as we now have under consideration.

The limit to which service of higher class, such as one-party, etc., will be extended at a given price must be definitely placed at a reasonable distance from the switchboard. Extensions of such service beyond this limit should be made to the exceptional party desiring it only upon the guarantee of revenue sufficient to provide for the additional fixed and operating costs attendant upon the extra distance.

Classification of subscribers within the regular exchange radius should be limited in the interest of good service to such standard classes as one, two and four-party lines in each of the major divisions of patronage, business and residence, and the rates hereinafter found to be reasonable for the service of this company within such an area will apply as indicated by the number of parties now connected to each line. Four-party line rates will apply also to lines now having three connections.

The service to be received hereafter by any subscriber will be that for which his request is made and for which the company may be reasonably expected to afford facilities. In the event of a reduction of the number of parties upon a line offered for a particular class of service, the rate to the remaining subscribers shall continue as originally agreed upon at the time service was taken. If the reduction is sufficient to indicate that continued operation of the line upon this basis will be at a loss and tend to place an undue burden upon the company or its other patrons, the company may place the remaining parties upon other lines giving similar class of service, may agree with them for an adjustment of classification to higher rates, or, in the event these alternatives are for any reason impossible, may apply to the Commission for such relief as may be necessary.

In the absence of sufficient data to establish such limits, the Commission gives the Mosier Valley Telephone Company authority to submit for our approval a definition of the distance from the switchboard to be considered as the bounds of the local exchange area over which rates other than suburban rates will be given without additional mileage charges. After such limits are determined and approved by the Commission, the company may transfer such subscribers as are located beyond that area to the proper rate for suburban or rural service and may also readjust the connections for these subscribers to lines upon which the regular multiparty rural service is given.

In regard to the practice of this utility in requiring its subscribers to own and maintain telephone instruments, the following quotation is presented from Section 64, Chapter 279 of the Laws of Oregon for 1911:

"It shall be unlawful for any public utility to demand, charge, collect or receive from any person, firm or corporation less compensation for any service rendered or to be rendered by said public utility in consideration of the furnishing by said person, firm or corporation of any part of the facilities incident thereto; provided, nothing herein shall be construed as prohibiting any public utility from renting any facilities incident to the • • • conveyance of telephone messages and paying a reasonable rental therefor, or as requiring any public utility to furnish any part of such appliances which are situated in and upon the premises of any consumer or user, except telephone station equipment upon the subscriber's premises • • •."

This practice, specifically prohibited by law is, in the opinion of the Commission, one which may also prove seriously detrimental to the ability of the company to render adequate and reasonable service. The responsibility for proper maintenance of portions of the equipment so intimately associated with the quality of service should undoubtedly remain with the company. Rates fixed in this case for service from lines owned by the utility will contemplate the ownership or rental and maintenance by the company of all instruments connected to lines owned by it. Such equipment hereafter installed shall be owned by the company and arrangements should now be made looking forward to the ultimate transfer to the company of privately owned instruments now in use. Since the present financial condition of the respondent will prevent the immediate acquisition of this property, a consistent plan for the rental of these instruments, until the finances of the company may be in such condition as to allow their purchase, shall be submitted for the approval of the Commission. All renewal of batteries shall hereafter be at the expense of the company in instruments owned or rented by it.

Upon an inventory obtained from the annual report of the utility to the Commission, verified as being accurate within reasonable limits, the reproduction cost new of the property is estimated at \$3,500.00 and the reproduction cost less depreciation, determined from testimony and examination of the property, at \$2,500.00. These estimates do not include allowance for working capital or intangible items such as franchise costs, organization, development costs, etc. The opinion of the Commission based upon the foregoing findings and all pertinent facts in the record is that \$2,800.00 may be considered as a fair value upon which to determine the reasonableness of rates to be charged.

Patronage of the utility at the date of hearing consisted of seventy-five subscribers upon twenty-three active lines. These subscribers are classified in the company records as follows:

Private lines	Residence	Business
One to three-party lines .....	4	2
Three to five-party lines .....	25	.....
Six to ten-party lines .....	40	.....

Normal annual operating revenues as indicated by the total reported during the year 1917, including local exchange equipment, rentals and commissions on long distance business from connecting lines, was about \$1,400.00. From an analysis of the records of the company reasonable operating expenses attendant upon furnishing of good service under present conditions may be expected normally to be not less than the following:

Operator's salary, including supply of light, heat, water, etc. ....	\$ 600.00
Bookkeeper's salary .....	120.00
Other labor and expense of operation and maintenance .....	300.00
Depreciation .....	225.00
Miscellaneous and general expenses .....	75.00
Taxes .....	35.00
<b>Total .....</b>	<b>\$1,355.00</b>

From a consideration of the foregoing and with due allowance made for changes, either unforeseen or resulting from adjustments heretofore outlined in the revenues or expenses, it is evident that the income available from the patronage under the present rates is not sufficient to produce a margin of profit to guarantee the maintenance of the utility as a stable operating unit with unimpaired credit. In view of this and the findings heretofore entered, the present rates and practices of the Mosier Valley Telephone Company are now found to be unreasonable and unjustly discriminatory. The Commission believes that the revenue to be had under the following rates now found to be just, reasonable and not unjustly discriminatory will be sufficient to properly maintain and operate the system, provide for replacements and satisfy the utility's need for an accumulation of surplus as protection against emergencies:

<b>Business Service—</b>	
Individual line, unlimited service .....	\$2.75 per month
Two-party line, unlimited service .....	2.00 per month
Four-party lines, unlimited service .....	1.75 per month
Suburban, four or more parties, unlimited service .....	1.75 per month

<b>Residence Service—</b>	
Individual lines, unlimited service .....	\$2.50 per month
Two-party lines, unlimited service .....	1.75 per month
Four-party lines, unlimited service .....	1.50 per month
Suburban, four or more parties, unlimited service .....	1.50 per month

These rates are payable monthly in advance and contemplate ownership or rental by the company of all instruments connected to its lines.

After a full consideration of these findings and all matters of record in this proceeding, the Commission

ORDERS that the Mosier Valley Telephone Company be and the same hereby is authorized to discontinue its present rates insofar as they conflict with those hereinbefore found reasonable, and to impose in lieu thereof the rates and charges hereinbefore found to be just, reasonable and not unjustly discriminatory:

AND FURTHER ORDERS that the company above named shall cease and desist from practices herein disapproved, and shall establish instead the reasonable practices set forth in these findings.

• • • • •

In the matter of the application of the CHAS. K. SPAULDING LOGGING COMPANY for a franchise to raft, drive, float, boom, sort and hold logs, lumber or other timber products in the Luckiamute river in Polk and Benton counties within the State of Oregon. } No. L-F-1

(ORDER ENTERED MARCH 29, 1918.—P. S. C. ORDER NO 359)

This matter came regularly on for hearing before the Commission at Independence, Oregon, on Monday, the 17th day of August, 1917, at 10:00 o'clock a. m., upon the application of the Chas. K. Spaulding Logging Company for a franchise to raft, drive, catch, float, boom, sort and hold logs, lumber and other timber products in and upon the Luckiamute river in Polk and Benton counties in the State of Oregon, applicant appearing by E. V. Littlefield, its attorney.

And after due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, being fully advised, now makes the following findings:

#### I

That the Chas. K. Spaulding Logging Company is a corporation, duly organized and existing under and by virtue of the laws of the State of Oregon, and is and was for more than six (6) months immediately prior to the taking effect of an act known and designated as Chapter 128 of the General Laws of Oregon for 1917 regularly engaged in the business of floating, driving, catching, booming, sorting, rafting and holding sawlogs and other timber products in and upon the Luckiamute river in Polk and Benton counties, Oregon.

#### II

That due and legal notice of the time and place of hearing, as fixed by this Commission, has been had and given, and that the applicant company has filed its application, plats, proof of publication and completed its record herein in the manner provided by law.

#### III

That the portions of the Luckiamute river sought to be improved by the Chas. K. Spaulding Logging Company and upon and over which franchise is applied for is as follows: That portion of the river lying and being between a point on the said river at or near the center of Sec. 13, Twp. 9 S., R. 8 W. of the Willamette meridian and the mouth of said Luckiamute river, where it empties into the Willamette river.

#### IV

That the improvements proposed by said applicant are: (a) To repair and put in good condition the dam now erected and owned by the company in Sec. 19, Twp. 9 S., R. 7 W., W. M. (b) To repair and place in good condition the dam now erected and owned by the company in Sec. 34, Twp. 9 S., R. 7 W., W. M. (c) To cut and remove all drifts, snags, rocks and brush upon said stream between the points named in finding No. 3. (d) To place sheer booms, piling or other bank protections at points on the river where needed to protect the property of landowners.

#### V

That the Luckiamute river from the point designated in the application to its confluence with the Willamette river has been used for the past twenty years for driving, booming, floating, catching, rafting and holding logs, lumber and other timber products and is navigable for such purposes.

#### VI

That, owing to low stages of water and natural obstructions in the channel, and along the banks, it is not practicable to float, drive, catch, boom, sort or hold logs, lumber and other timber products in said stream during the entire year, but that at regularly recurring periods in each year the quantity of water is sufficient to drive, catch, hold, sort and boom logs, lumber and other timber products between the points designated in the petition of the applicant company.

## VII

That the Luckiamute river forms a natural, convenient and easily accessible means for the removal of the timber products from a large tract of timber lying within and adjoining the watershed of said stream, and that the public interest would be served by the development and improvement of said stream so that the same may be used as a public highway for the purpose of transporting to market the timber products from the forests heretofore referred to.

## VIII

That the erection, construction and maintenance of the improvements, specified in applicant's petition, would render said stream available as an avenue of commerce for a longer period in each year and in a larger and more complete way than now exists and would permit the transportation of greater quantities of timber products along and upon said river, than is practicable under existing conditions.

## IX

That the only person other than the applicant engaged in driving, catching, booming, rafting and sorting logs, lumber or other timber products on said river is one M. N. Prather, who has signified his willingness that the applicant be granted a franchise over the portion of the river and for the purposes as set out in the application, and that said M. N. Prather has not made application for such franchise and by reason of his failure to do so has lost any preferential rights he may have had for a franchise over said stream.

## X

That there is located upon the portions of said stream over which a franchise is sought, a small grist and flouring mill, owned and operated by J. P. Logan, obtaining its power from the Luckiamute river, for which purpose a dam is maintained across said stream, which mill has been so owned and operated and dam maintained for twenty years past, during the greater part of which time the river has been used, during certain portions of the year, for the purpose of driving and floating logs. The damage or interference, if any, to said mill, which may be caused by the operation of the applicant under a franchise as applied for, and under proper restrictions, is not sufficient to warrant a dismissal or denial of the application by said Commission.

## XI

That there is a gravel pit, operated by the Valley and Siletz Railroad, and several fords, both public and private, the use of which would be more or less interfered with by artificial floods or splashes, but which interference can be reduced to a minimum by the strict observation of reasonable regulation of the use of splash dams by the applicant company.

## XII

That, from the use of said stream and history of the logging and lumber industry within its watershed, it appears that any franchise granting to the applicant the right to use splash dams in said stream as applied for should be limited to the period commencing with the first day of November and ending on the first day of May in each year.

## XIII

That the use of such splash dams should be so regulated as to eliminate, so far as possible, all danger, injury or damage likely to occur to parties owning property or using fords on said stream below such dams and that the applicant company should keep all said fords free from logs or debris deposited through the use of the stream by said applicant.

## XIV

That as a reasonable precaution in safeguarding the interests of the public the splash dams should be so operated that the water immediately below the lower dam will in no instance be increased to a depth of more than six feet and that applicant should install sheer booms and other appropriate protective devices where there is apparent possibility of injury to property, bridges or fords.

## XV

That in order to avoid possible injury to persons or property, the operation of such dams should be limited to not more than three floods or splashes daily, at stated times to be fixed and determined by the applicant, notice of such times to be posted in public and conspicuous places at all fords and at such other points along said stream as may be deemed necessary by the applicant, and in such manner as to give warning of the time such artificial floods may be expected.

## XVI

That, in addition to the notice to the public of artificial floods or splashes hereinabove in these findings set out, actual notice should be given to J. P. Logan or his successors in interest, by telephone or otherwise, at a reasonable time prior to the making of such splashes or floods.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the applicant, the Chas. K. Spaulding Logging Company, is such a corporation as is contemplated by the provisions of Chapter 123 of the Laws of Oregon for 1917;

Second. That the best interests of the public will be served by granting the franchise to the applicant company for floating, driving, catching, booming, sorting, rafting, holding and handling logs, lumber and other timber products for hire upon that part of the Lucklamute river hereinbefore described; and for the improvements of said stream by the means and in the manner prescribed by Chapter 123 of the Laws of Oregon for 1917;

Third. That two years is a reasonable time within which the improvements hereinbefore mentioned and which are contemplated should be completed by the applicant along and upon said stream.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Chas. K. Spaulding Logging Company a franchise, right and privilege for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs, lumber and other timber products along and upon the Lucklamute river in the State of Oregon from the point at or near the center of Section 13, Township 9 south, Range 8 west of the Willamette meridian, to its confluence with the Willamette river, and that the said Chas. K. Spaulding Logging Company be and it is hereby granted franchise to improve said stream by the means and in the manner prescribed by Chapter 123 of the Laws of Oregon for 1917.

That the use of splash dams in said river by the Chas. K. Spaulding Logging Company under this franchise be and the same is hereby limited to the period of time between the first day of November and the first day of May in each and every year, subject to the restrictions, regulations and conditions mentioned and set out in the findings herein.

That the granting of this franchise shall not be construed as permitting the Chas. K. Spaulding Logging Company to take, damage or injuriously affect the property or property rights of individuals or corporations in or along the streams included in the franchise without first compensating such individual or corporation for the property or property rights so taken or injuriously affected; and

PROVIDED, that the Chas. K. Spaulding Logging Company and its successors and assigns in interest and operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy; and

PROVIDED FURTHER that this franchise is granted upon the condition that the Chas. K. Spaulding Logging Company shall begin within ninety days and complete within two years from the date of this franchise the contemplated and necessary improvements hereinbefore in the findings described; and

That the said Chas. K. Spaulding Logging Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the rafting, floating, booming and sorting of logs or other forest products and any service in connection therewith which it has established, and shall, within thirty days from the receipt of this order, file its acceptance of the terms hereof. Schedules shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service and failure to file such schedules and acceptance shall render this franchise null and void.



The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction of this Commission and its right to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the application of the COOS BAY BOOM COMPANY, an Oregon corporation, for a franchise on the Coos river for driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products on a portion of Coos river, Coos county, Oregon. } No. L-F-12

(ORDER ENTERED APRIL 8, 1918.—P. S. C. ORDER NO. 361)

This matter came regularly on for hearing before the Commission at Coquille, Oregon, on Tuesday, the 2d day of October, 1917, upon the application of the Coos Bay Boom Company for a franchise for driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products in and upon the Coos river, in Coos county, Oregon, applicant appearing by A. C. Shaw and John Kendall, its attorneys, there being no other appearances and no one appearing in opposition to said applicant.

Upon oral request, applicant was allowed to amend its petition by striking out the word "driving," whereupon testimony was taken and an examination of the premises included in the application was made by the Commission.

And now, based upon such testimony and complete record herein, the Commission, being fully advised, makes the following findings:

### III

That the portion of Coos river over which franchise is applied for is that part of said river lying and being in Sections 24 and 25, Township 25 south, Range 13 west, Willamette meridian, and in Sections 19 and 20, Township 25 south, Range 12 west, Willamette meridian, now occupied and used by the Smith-Powers Logging Company.

### VII

That there has been no objection made to or filed with this Commission, nor reasons shown why a franchise should not be granted as applied for.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the Coos Bay Boom Company is such a corporation as is contemplated by Chapter 128 of the General Laws of Oregon for 1917.

Second. That the interests of the public will be best served by granting a franchise to the applicant company for catching, booming, sorting, rafting and holding logs, lumber and other timber products for hire upon that part of the Coos river hereinbefore described, and for the installation, repair and maintenance of the improvements mentioned in the application and set out in the foregoing findings.

Third. That one year is a reasonable time within which the contemplated improvements hereinbefore mentioned should be acquired, repaired and installed by the applicant company.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Coos Bay Boom Company a franchise, right and privilege for catching, booming, sorting, rafting and holding logs, lumber and other timber products for hire upon the Coos river in Sections 24 and 25, Township 25 south, Range 13 west, Willamette meridian, and in Sections 19 and 20, Township 25 south, Range 12 west, Willamette meridian, in Coos county, Oregon, and that the said Coos Bay Boom Company shall have the right and privilege to install, repair and maintain the necessary booms and other improvements incident to and necessary for its operation under this order;

PROVIDED, HOWEVER, that the granting of this franchise shall not be construed as permitting the Coos Bay Boom Company to take, damage or injuriously affect the property or property rights of individuals or corporations in or along the portion of the stream included in this franchise without first compensating such individual or corporation for the property or property rights so taken or injuriously affected; and

That the Coos Bay Boom Company and its successors and assigns in interest in operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy; and

PROVIDED FURTHER that the Coos Bay Boom Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the catching, booming, sorting, rafting and holding logs, lumber and other timber products and any service in connection therewith which it has established, and shall, within thirty days from the receipt of this order, file its acceptance of the terms hereof. The schedule shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service, and failure to so file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subservient to the laws of the United States and of the State of Oregon and subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction and right of this Commission to impose such other and further conditions or restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the rates, rules and regulations of the }  
PACIFIC TELEPHONE AND TELEGRAPH COMPANY. (In- } No. U-F-117  
vestigation on Commission's own motion.) }

(ORDER ENTERED APRIL 15, 1918.—P. S. C. ORDER NO. 362)

In this proceeding the Public Service Commission of Oregon undertook an investigation to determine the reasonableness of the rates, charges and regulations imposed by the Pacific Telephone and Telegraph Company for long distance conversations over its lines within the State of Oregon. After service of due notice of time and place of hearing upon various municipalities and interested parties, public hearing was held at the Multnomah county courthouse in the city of Portland, Oregon, the 20th day of February, 1918.

The Commission, having heard all testimony offered and examined the entire record submitted, now, being fully advised upon certain phases in the matter under investigation, finds:

#### I

The Pacific Telephone and Telegraph Company filed, according to law, and on January 1, 1918, made effective throughout the State of Oregon, a tariff designated as P. S. C. Or. No. 103, which canceled and superseded all previous schedules insofar as they related to rates for long distance conversations over lines of that company. The rate construction of this new tariff presents a wide departure from that in effect prior to January 1, 1918, all rates therein being based upon direct or air line measurement between communicating points. In former tariffs the magnitude of a rate was practically governed by the pole line mileage between communicating points.

#### II

The establishment of a more consistent rate structure than that in effect prior to January 1, 1918, had been under consideration by the Commission for some time. In our opinion the air line method of rate assessment is highly desirable and is in fact imperative in the promotion of equity among various subscribers and localities. Such rates accomplish the elimination in many instances of unfair discrimination such as have been found to exist under the superseded system.

## III

The effect of the revised schedule is found to be an increase in certain individual rates and a reduction in others. Of the initial charges under the tariff in effect prior to January 1, 1918, approximately 53 per cent are reduced, 25 per cent increased and 22 per cent remain unchanged. Certain of the increases are found to occur upon heavy traffic routes and to produce a net increase in the total toll revenues of the company. Sufficient evidence is not now at hand to justify a statement as to the magnitude of this increase.

## IV

In certain instances both two number and particular person service are provided between two points and justifiable distinction must be made in charges for these varying services. The company's newly inaugurated practice is to add, for the particular person service rate, a five cent differential over and above the amount indicated by the application of their air line rate construction theory. Following the same method of air line rate construction, an initial period of three minutes is provided for the two number service. With what facts we now have before us this method can not be approved insofar as it pertains to the addition for particular person service of such a differential over and above the regular air line rate.

## V

Sufficient justification does appear for requiring that all particular person rates over routes also carrying two number service should be reduced to those charges indicated by the application of the air line rate construction theory, also that the two number rates between Portland and Oregon City, and Portland and Salem should be continued in effect as prior to January 1, 1918. This finding refers specifically to the following routes:

Stations	Rate to be established	
	Particular person	Two number
From Portland to Oregon City .....	.15(1).05	.10(3).05
From Oregon City to Portland .....	.15(1).05	.10(3).05
From Portland to Salem .....	.30(1).15	.25(3).10
From Salem to Portland .....	.30(1).15	.25(3).10
From Albany to Corvallis .....	.10(1).05	.....
From Corvallis to Albany .....	.10(1).05	.....
From Ashland to Grants Pass .....	.25(1).10	.....
From Grants Pass to Ashland .....	.25(1).10	.....
From Ashland to Medford .....	.15(1).05	.....
From Medford to Ashland .....	.15(1).05	.....
From Grants Pass to Medford .....	.20(1).10	.....
From Medford to Grants Pass .....	.20(1).10	.....

## VI

Inspection of the traffic and revenue records and all pertinent facts relative to the following routes upon which two-number service is maintained indicates that, with due regard to the proximity of the exchange points, such service is not reasonably required between them and that the demand for it is not sufficient to justify continuance. The routes to which reference is here made are:

Albany	Corvallis
Corvallis	Albany
Ashland	Grants Pass
Grants Pass	Ashland
Ashland	Medford
Medford	Ashland
Grants Pass	Medford
Medford	Grants Pass

## VII

Prior to January 1, 1918, the rate for two-number service from Portland to Oak Grove or Milwaukie was five cents per conversation of unlimited length.

Free interchange of this class of service in the reverse direction between these points was allowed under local exchange rates imposed by this company and apparently designed to allow such free service. The rate for particular person service was ten cents for the first two minutes and five cents for each additional minute. The schedule effective January 1, 1918, quotes the following rates:

*From Oak Grove or Milwaukie to Portland—*

- \* Two-number service, 10c for 3 minutes.  
5c for each additional minute.
- Particular person service, 15c for 1 minute.  
5c for each additional minute.

*From Portland to Oak Grove or Milwaukie—*

- Two-number service, 10c for 3 minutes.  
5c for each additional minute.
- Particular person service, 15c for 1 minute.  
5c for each additional minute.

Until such time as the Commission can complete an investigation of the local exchange rates at the points involved and determine the bearing thereon of the free interchange of service, the rates between these points should be adjusted to coincide with those in effect December 31, 1917, except that they shall be modified, as far as two-number service is concerned, to include a time limit on each conversation. This provision is to assist in the development of more effective and satisfactory service and to eliminate present abuse of the privilege of unlimited conversations. A reasonable provision in this regard appears to be as follows:

*From Portland to Oak Grove or Milwaukie—*

- 5c for first five minutes.
- 5c for each additional 3 minutes or fraction thereof.

*From Oak Grove or Milwaukie to Portland—*

- No charge for first five minutes.
- 5c for each additional 3 minutes or fraction thereof.

In addition to this adjustment of rates subscribers are entitled to receive refund covering the entire amount of charges made against them in excess of those which would have resulted in application of the rates in effect prior to January 1, 1918.

### VIII

Particular conditions surrounding this case demand that changes herein discussed should not be postponed until the completion of the general investigation in the matter of the toll rates of this company. By verbal instructions of the Commission entered at the hearing in this proceeding, matters required by Section 7 herein and that portion of Section 5 referring to conversations between Portland and Oregon City, and Portland and Salem were made effective from and after the 20th day of February, 1918.

IT IS NOW ORDERED that such verbal instructions be here recorded *nunc pro tunc* as a mandatory order of the Commission, and that from and after the effective date hereof The Pacific Telephone and Telegraph Company shall change all other of its rates and services to conform to Sections 5 and 6 hereof.

IT IS FURTHER ORDERED that final determination in regard to features of the toll rates not specifically covered herein shall be withheld until the completion of further investigation now pending.

Those portions of this order which did not become effective on February 20 shall become effective April 21, 1918.

In the matter of the application of the GARDINER BOOM }  
COMPANY for booming and other franchises under the } No. L-F-8  
Laws of 1917, Chapter 128.

(ORDER ENTERED APRIL 15, 1918.—P. S. C. ORDER NO. 365)

This matter came on regularly for hearing before the Commission at Gardiner, Oregon, on Saturday, the 15th day of September, 1917, at 10 o'clock a. m., upon the application of the Gardiner Boom Company for a franchise for driving,

\* Unlimited service to subscriber stations.

catching, booming, sorting, rafting and holding logs, poles and piles in and upon the waters of Camp creek and Mill creek, and for a like franchise in and upon the waters of Smith river in Douglas county, Oregon, the applicant appearing by B. L. Eddy, its attorney, there being no appearances in opposition to said applicant.

And after due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, being fully advised, now makes the following findings:

#### IV

That the portion of Camp creek sought to be improved by the applicant company and upon and over which franchise is applied for is as follows: Extending from a point where said stream intersects with the south line of Section 12, Township 23 south of Range 9 west of the Willamette meridian, to its confluence with Mill creek, in Section 36, Township 22 south of Range 10 west of Willamette meridian.

#### V

That the portion of Mill creek sought to be improved by the applicant company and upon and over which franchise is applied for is as follows: Extending from the confluence of Camp creek with Mill creek to the confluence of said Mill creek with the Umpqua river in Section 15, Township 22 south of Range 10 west of Willamette meridian.

#### VI

That the portion of Smith river sought to be improved by the applicant company and upon and over which franchise is applied for includes the entire river from its source to its confluence with the Umpqua river.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the Gardiner Boom Company is such a corporation as is contemplated by Chapter 128 of the Laws of Oregon for 1917 and is entitled to apply for and receive as such corporation a franchise for the purposes set out in its application under said act.

Second. That the interests of the public will be best served by granting the franchise to the applicant company for driving, catching, booming, sorting, rafting and holding logs, poles, piles and other forestry products for hire upon those portions of Camp creek, Mill creek and Smith river hereinbefore described, and for the improvement of said streams by the means and in the manner mentioned in said application and as prescribed by Chapter 128 of the Laws of Oregon for 1917.

Third. That two years is a reasonable time within which the improvements hereinbefore mentioned and which are contemplated should be completed by the applicant company along and upon said streams.

Now, therefore, based upon the foregoing findings and conclusions.

IT IS ORDERED that there be and is hereby granted to the Gardiner Boom Company a franchise, right and privilege for driving, catching, booming, sorting, rafting and holding logs, poles, piles and other forestry products in and upon the waters of Camp creek, extending from a point where said stream intersects the south line of Section 12, Township 23 south of Range 9 west of Willamette meridian, to its confluence with Mill creek, and on and upon the waters of said Mill creek from said point of confluence to the confluence of said creek with the waters of Umpqua river, and on and upon the waters of Smith river from its source to its confluence with the Umpqua river in Douglas county, Oregon; and that the said Gardiner Boom company be and it is hereby granted a franchise to improve said streams and parts of streams by the means and in the manner mentioned and set out in its application herein and prescribed by Chapter 128 of the Laws of Oregon for 1917; that the use and operation of the splash dams hereinbefore mentioned on Camp creek be not limited by this Commission at this time, but that the right to so regulate, should future needs so demand, be and the same is hereby especially reserved; that the granting of this franchise shall not be construed to the prejudice of any individuals desiring to use such streams for any of their practicable purposes solely for their own use insofar as such use

shall not unduly interfere with the operation of the franchise holder; and provided further that a reasonable toll shall be paid for the use of any improvements or facilities furnished by the franchise holder; and provided further

(a) That the Gardiner Boom Company and its successors and assigns in interest in operating under this franchise shall not interfere with the construction, when justly compensated, nor with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy;

(b) That this franchise is granted upon the condition that the Gardiner Boom Company shall begin within ninety days and complete within two years from the date of this franchise the contemplated and necessary improvements hereinbefore in the findings described;

(c) That said Gardiner Boom Company shall ten days before commencing operations under this franchise file with this Commission printed schedules showing all rates and charges for the driving, catching, booming, sorting, rafting and holding of logs, poles, piles and other forestry products and any service in connection therewith which it has established, and shall within thirty days from the receipt of this order file its acceptance of the terms hereof. Schedules shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service, and failure to file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subservient to the laws of the United States and of the State of Oregon and subject to the rules and regulations of this Commission now adopted and in force or hereafter promulgated and subject to the jurisdiction and right of this Commission to impose such other and further conditions or restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the application of the ELECTRIC LIGHT }  
AND POWER COMPANY OF BURNS for authority to in- } No. U-F-206  
crease rates.

(ORDER ENTERED APRIL 15, 1918.—P. S. C. ORDER NO. 366)

This proceeding was brought by application on the 15th day of November, 1917, and after service of due notice to all parties concerned, was fully heard and submitted at the Commercial Club parlors in Burns, Oregon, on January 24, 1918. The following appearances are of record:

For the Electric Light and Power Company, Roy C. Dwyer, its secretary and manager.

The Commission, being fully advised, after an examination of all testimony offered and evidence submitted, now finds as follows:

## I

The Electric Light and Power Company of Burns is a corporation organized under and existing by virtue of the Laws of the State of Oregon, and is a public utility engaged in the ownership, management, control and operation of generating equipment and a system of circuits for the production and delivery of electric energy to the inhabitants of the town of Burns, Oregon. In such occupation the applicant is subject to the jurisdiction of this Commission and to the provisions of Chapter 279 of the Laws of Oregon for 1911 and laws supplemental thereto and amendatory thereof.

## II

On the 1st day of January, 1918, the applicant had in effect the following rates and charges for certain classes of service:

### LIGHTING SERVICE—METER RATE

First 20 k. w. hours used per month .....	\$0.20 per k. w. hour
Next 20 k. w. hours used per month .....	.18 per k. w. hour
Excess .....	.16 per k. w. hour
Minimum monthly charge, \$1.50.	

**POWER SERVICE—METER RATE**

First 100 k. w. hours used per month .....	\$0.10 per k. w. hour
Next 100 k. w. hours used per month .....	.08 per k. w. hour
Excess .....	.06 per k. w. hour

**Minimum monthly charge:**

Three-phase motors, 1 to 5 horsepower .....	\$5.00
Each additional horsepower .....	1.00
Single-phase motors, per horsepower .....	1.00

**LIGHTING SERVICE—FLAT RATE**

Residences with limiting devices .....	\$0.02 per watt per month
Porch lights .....	.01 per watt per month

**III**

Applicant requests authority to advance certain of the foregoing rates to the following:

**LIGHTING SERVICE—METER RATE**

First 20 k. w. hours used per month .....	\$0.25 per k. w. hour
Next 20 k. w. hours used per month .....	.23 per k. w. hour
Excess .....	.21 per k. w. hour
Minimum monthly charge, \$1.50.	

**POWER SERVICE—METER RATE**

First 100 k. w. hours used per month .....	\$0.12 per k. w. hour
Next 100 k. w. hours used per month .....	.10 per k. w. hour
Excess .....	.08 per k. w. hour

**Minimum monthly charge:**

Three-phase motors, 1 to 5 horsepower .....	\$5.00
Each additional horsepower .....	1.00
Single-phase motors, per horsepower .....	1.00

**LIGHTING SERVICE—FLAT RATE**

Residences on limiting devices .....	3½¢ per watt per month
--------------------------------------	------------------------

**IV**

The normal reproduction cost new of the organization and physical property of the applicant used in the service of the public on January 1, 1918, was \$21,687.00, and the reproduction cost new less accrued depreciation is estimated to have been at that time \$14,704.00. Neither amount includes allowances to cover necessary working capital or any value attaching to the existence of the developed business of the utility.

**V**

Records and accounts kept by the applicant are not in such condition as to allow the ready determination of accurate detailed statements covering the utility's financial operations. The classification of accounts prescribed by the Commission is not consistently followed and many entries, adjustments, etc., appear without supporting information. The operating expenses and revenue records available from the books do not in themselves indicate the true conditions surrounding the operations of the applicant. It has consequently been necessary to obtain the desired information by the construction of approximate income statements, the final results of which may, in general, be assumed to indicate, closely, the financial results obtained from the business. Such statements for the calendar years 1916 and 1917 are here appended:

## COMPARATIVE INCOME STATEMENT

	1916		1917	
Operating revenues .....		\$6,026.00		\$6,283.71
From sale of current .....	\$5,799.73		\$6,250.34	
From merchandise (net) .....	226.28		33.37	
Operating expenses .....		4,917.53		5,656.04
Production .....	2,260.93		3,243.88	
Distribution .....	87.00		191.75	
Utilization .....	7.50			
Miscellaneous, general and commercial .....	1,319.30		497.53	
Undistributed .....	442.80		186.09	
General amortization (ordinary) .....	800.00		800.00	
General amortization (extraordinary) .....			* 736.82	
Net operating revenue .....		1,108.47		627.67
Deductions .....		472.15		541.06
Taxes .....	242.00		229.67	
Uncollectible revenue .....	230.15		311.39	
Operating income .....		636.32		86.51

\* This amount is due to replacement of washed-out dam and is not in the full amount a proper charge against operations for 1917. At least part of the expense so involved would be covered by ordinary depreciation allowances previously and concurrently charged to operating expenses.

## VI

Patrons of the company appeared in numbers at the hearing in this proceeding to protest against any advance in the present charges. All and generally they complain that the service now furnished by the applicant is inadequate and unreliable to the extent that reserve equipment must be maintained by each individual in order that he be assured of sufficient illumination during those hours and seasons when it is most necessary. The general expression of opinion and our knowledge of the conditions which exist indicate that even the present rate is sufficiently high to discourage free use of the service. Any increase therein would place the charges so far in excess of the value of that class of service now available as to force the disconnection of a material percentage of the present patrons.

## VII

Energy is furnished by a combination of hydroelectric and gas engine driven generating equipment. Neither of the plants is of sufficient capacity to adequately carry the demand during heavy load periods. At such times, during the use of hydraulic motive power, voltage upon the lines is so reduced as to be without great value for lighting service. When the gas engine equipment is in use, not only is the voltage inadequate and variable, but also the service is frequently interrupted by trouble encountered in the operation of the engine which, with the accessory equipment now in use therewith, is not of the most suitable type for service of this character.

## VIII

The company has in the past failed to inaugurate definite plans for the permanent elimination of those or other unsatisfactory conditions affecting its product and does not at this time definitely promise any material improvement for the future. Due to the existence of these circumstances, the utility has not developed to the greatest possible extent the entire business which is available in the territory covered by and adjacent to its lines. Because of the inadequacy of the supply, service has been in the past and is now being refused to certain persons desiring it. A considerable market for energy to be used for the operation of small power loads is practically neglected. Customers complain that small heating and power appliances have been purchased from the company and other dealers and can not now be used either on account of the entire lack of service or its poor quality.

## IX

At the demand of its customers the management of the company on numerous occasions submits to adjustments, justifiable and otherwise, in monthly billings. Applicant admits responsibility for many such settlements as arising from frequent errors in computation of such charges in the meter readings or in the



accuracy of the measuring instruments, and also from the refusal of customers to pay the regular charges for service of the quality received. We are unable to obtain from the records definite information indicating the nature of many such adjustments shown in the customers' accounts. It is certain that considerable unfair discrimination between individual customers is produced and should be eliminated.

Patrons of the company display utter lack of confidence in the devices used for the measurement of the energy consumed, and the management itself does not by proper test or inspection keep itself sufficiently assured of the accuracy of this equipment in order that it may restore such confidence or defend its charges. In these and other respects the business methods of the management of this company are lax to such an extent as to eliminate the possibility of cooperation from the public.

#### X

It is impossible under existing conditions for the company to earn or expect to earn under whatever rates might be made effective sufficient revenue to properly operate and maintain the system and pay a return upon any reasonable value which might be attached to the property. Nor can the applicant expect to continue the revenue at its present level unless some steps be undertaken to accommodate such reasonable demands as may arise, and to assure the town and patrons of proper service.

#### XI

In our opinion the market for electric energy in Burns will produce, under rates no higher than those now in effect and under conditions of adequate service and careful management, a return more reasonable in proportion to the investment necessary for such service than that now received. A request for an advance in rates is unreasonable and should not be considered until such time as the applicant can come before this Commission and show clearly that it has made necessary provision to insure its patrons adequate service and that every possible opportunity has been accepted for increasing the revenue of the company by the development of such profitable business as may be available within the territory served by it.

IT IS, THEREFORE, ORDERED that the application of the Electric Light and Power Company of Burns for authority to increase its rates be and the same hereby is denied.

In the matter of the application of the YAMHILL MUTUAL { No. U-F-177  
TELEPHONE COMPANY for authority to increase rates. }

(ORDER ENTERED APRIL 15, 1918.—P. S. C. ORDER NO. 367)

This is an application brought by the Yamhill Mutual Telephone Company for an increase in its subscriber switching rates from \$3.60 to \$5.00 per year.

From the record before it and in consideration of all facts pertinent thereto, the Commission now makes these findings:

#### III

The system operated by the applicant consists of a switchboard with accessory equipment; service lines throughout the town of Yamhill, in which the exchange is located, and a commercial toll circuit between the towns of Yamhill and McMinnville. All lines extending past the town limits, except the commercial toll circuit, are owned by individual rural companies or associations and are maintained by them. Seventeen such rural or farmer lines have connections through the switchboard. The applicant company owns no telephone instruments for the use of its subscribers.

#### IV

The normal reproduction cost new of the equipment owned by the corporation and used in furnishing telephone service to the public was at the date of hearing \$2,250.00, and the reproduction cost new less accrued depreciation was estimated to be \$1,350.00. Examination of the lines and analysis of the records of the company indicate that considerable deferred maintenance has accrued upon both the local and long distance lines. The company has on hands reserve funds to the extent of less than \$300.00, with which to place the property in first class condition.

## V

The applicant has toll rates in effect for conversations over its lines and those of other companies located in this district, which rates were established by Order No. 93 of this Commission issued June 10, 1916, in case U-F-31: McMinnville Local and Long Distance Telephone Company, Plaintiff v. The Pacific Telephone and Telegraph Company, Lafayette Telephone Company, Amity Mutual Telephone Company, Yamhill County Mutual Telephone Company, Sheridan Mutual Telephone Company and Yamhill Mutual Telephone Company, Defendants. No change is sought in these charges.

The rate now filed for local exchange service is \$3.60 per year per subscriber. The actual charges imposed by the company, however, do not follow this schedule. Subscribers within the town limits of Yamhill who are not stockholders in the corporation are required to pay \$6.00 per year for service. This discrimination in rates between subscribers owning stock and others is a direct violation of the company's tariff and laws of Oregon and should be removed.

## VI

Under the present rules of the company all residence and business subscribers are placed in a single classification. Individual or limited party line service may be obtained for either within the city by the payment of \$5.00 as "lease" for a private circuit upon the switchboard. This \$5.00 rental covers an unlimited period. The subscriber securing such individual or limited party service has also been required in most instances to furnish a private line to the exchange office at his own expense. It has been the general rule that no connection should be given rural lines with less than eight parties connected except in cases where switchboard circuit has been leased according to the above practice. There were at the date of hearing eight such leases in operation.

These regulations, while they may have been satisfactorily effective during the early growth of this business, are not such as may in the opinion of the Commission be continued; they contain elements of inequality and material unfair discrimination affecting both the subscriber and the company.

## VIII

Considering normal conditions during past years, the operating revenues for 1918 under present rates should be:

Rural switching .....	\$ 813.60
Local exchange .....	231.60
Toll revenue .....	124.00
<b>Total .....</b>	<b>\$1,169.20</b>

Normal operating expenses based upon present hours of service appear to be about \$1,198.00, including taxes, an amount considered sufficient to allow reasonably good maintenance of the lines, and \$150.00 per year as a reserve for accruing depreciation. An additional expenditure of about \$350.00 per year will be necessary to provide the continuous twenty-four-hour service demanded.

## IX

The present rates of the Yamhill Mutual Telephone Company insofar as they are related to local and rural switching service are found to be unreasonable on account of their unfairly discriminatory features and inadequacy to provide for the necessary expenses incurred by the service required of the company.

## X

Just, reasonable and not unjustly discriminatory rates and charges for the class of service which may reasonably be expected of the applicant, including extension of service to cover the entire twenty-four hours of each day, are as follows:

<b>Business Service—</b>	
Individual lines .....	\$15.00 per year
Other lines .....	13.20 per year
<b>Residence Service—</b>	
Individual lines .....	\$13.20 per year
Two-party lines .....	11.40 per year
Four parties or more .....	9.00 per year
Farmer line switching .....	4.80 per year
(Rural lines must guarantee five subscribers or more.)	

These rates contemplate the ownership and maintenance generally by the company of all lines within the town limits of Yamhill. There may, of course, occur instances in which such ownership might cause the placement of an undue burden upon the company or existing subscribers and in such cases an equitable agreement for assistance in the investment necessary may be had with patrons desiring service. No further permanent rental of drops is to be allowed for limited party or individual line service, the various rates being designed to replace those charges.

### XI

The present policy of the company in requiring all patrons to supply instruments is not approved by the Commission. The practice as followed in this instance may not be unjustly discriminatory, inasmuch as each subscriber is subject to the same rule, but it is our opinion that the requirement is not one which may reasonably be enforced upon all persons who may hereafter desire to take advantage of the service. If it can not be fairly applied to all patrons, the practice can not be reasonable under any circumstances, since its application to certain parties and not others would produce unfair discrimination. The necessity for furnishing good service also demands that such equipment should be under the direct supervision of the company.

### XII

The rates quoted in Section 10 herein anticipate the ownership or rental by the utility of all telephone instruments connected to its system, exclusive of parties upon rural or connecting company lines, the rate for service to which contemplates switching only. The Commission realizes that the company, in its present financial condition, will perhaps be unable to immediately obtain title to the instruments now in use. The laws of the state, however, provide that a reasonable rental may be paid the owners of such equipment for the use thereof. Three dollars per year is considered a proper amount to be paid subscribers owning telephone instruments under the above conditions, this rental including an allowance for the maintenance of batteries by the subscriber.

In view of the foregoing findings, it is, therefore,

ORDERED that the applicant, the Yamhill Mutual Telephone Company, shall, on and after the effective date hereof, discontinue its present rates, rules and regulations, insofar as they do not conform to those herein found reasonable by the Commission, and shall establish in lieu thereof the rates and charges set down in Section 10 of these findings.

IT IS FURTHER ORDERED that, on or before the effective date hereof, the company shall file in manner prescribed by law and the rules of this Commission a tariff in which shall be recorded the rates herein fixed and such other rates, rules and regulations as may now be effective and not in conflict with the contents of this order.

In the matter of the revision of the rates, services and practices of the WALDPORTE TELEPHONE COMPANY and the YACHATS TELEPHONE COMPANY. } No. U-F-176

(ORDER ENTERED APRIL 15, 1918.—P. S. C. ORDER NO. 368)

This is an investigation undertaken on the application of the owner of the Waldport Telephone Company and stockholders of the Yachats Telephone Company, both operating at Waldport and vicinity, for an adjustment of the rates, services and practices of the two companies. The matter was fully heard and submitted before the Commission at Waldport on November 6, 1917. The following appearances were entered:

For Waldport Telephone Company, J. W. Walker, owner.

For Yachats Telephone Company, Virgil Howell, secretary.

It appears that the Waldport Telephone Company is the firm name and style under which J. W. Walker operates a telephone system in the town of Waldport and surrounding territory. The Yachats Telephone Company is a corporation existing under the laws of the State of Oregon, and is the owner and operator of a similar telephone system extending from Yachats to Newport, and connecting with the Waldport Company at the town of Waldport, in which both

companies have subscribers. Exchange service is provided by a jointly owned switchboard, the operating expenses of which are shared equally by the two companies.

The Waldport Telephone Company has thirty-one miles of country line, consisting of approximately forty-six miles of wire, seventeen miles pole line, and fourteen miles of line supported upon trees, etc. Total estimated normal reproduction cost of the rural and city lines and a one-half interest in the switchboard was, at the date of hearing, \$1,275.00.

The Yachats Telephone Company has approximately fifty and a half miles of line, consisting of sixty-three miles of wire, forty-five miles of pole line and five and a half miles of line supported upon trees, etc. Total estimated normal reproduction cost of the equipment used in serving the public by this company, including both city and rural lines, and a one-half interest in the switchboard, was, at the date of hearing, \$1,950.00. The system of the Yachats Telephone Company includes a line connecting the towns of Waldport and Newport, a distance of fourteen miles. Aside from furnishing regular exchange service along its length, this line is also used by the Yachats Company for toll service to Newport, where connection is had with the Pacific Telephone and Telegraph Company.

The present exchange rates of the two companies contemplate the private ownership of telephone instruments by all subscribers. They are as follows:

*Waldport Telephone Company—*

\$1.00 per month for rent of line only.

15c per call for each transient message.

*Yachats Telephone Company—*

\$3.00 per quarter for rent of line only.

15c per call for each transient message.

These rates were allowed by order of this Commission on the 29th day of May, 1913.

The Yachats Telephone Company has also had on file since May 9, 1913, a rate of 25 cents on nonsubscriber messages (including subscribers of the Waldport Telephone Company) between Waldport and Newport. This charge, however, has not been generally collected on account of disagreement between the companies as to whether or not the free exchange of service arranged between the companies provided also for the free use of the Newport line by the Waldport subscribers.

The combined patronage of the two lines amounts on an average to about 105 subscribers, of which the Waldport Telephone Company has fifty-seven. Until the latter part of 1916, fourteen-hour service was given, from 7 a. m. until 9 p. m. Since that time, however, the switchboard has been operated only eight hours, covering periods from 7 a. m. to 9 a. m., 10 a. m. to 2 p. m., and 6 p. m. to 8 p. m. Aside from the regular hours of service, the emergency calls at night are generally accommodated through the courtesy of the operator. This reduction in hours of service was effected on account of the necessity for the companies to conform to the orders of the Industrial Welfare Commission, providing reasonable wages and hours for operators, and on account of the inadequacy of the revenues derived from service to meet expenses which would have been incurred by conforming to such orders for more extensive service. The compensation at present received by one operator is \$40.00 per month and rent of living quarters.

Analysis of the revenues and expenses of the companies shows that under present conditions the one is barely sufficient to meet the other. During the year 1917 the Yachats Telephone Company reports an actual deficit. Nor have the expenses included any allowance for depreciation of property except as is generally provided in current maintenance expenses recorded therein.

Eight-hour service on the basis now used is not a reasonable service to furnish subscribers in rural communities, and, inasmuch as the present rates of both companies are inadequate to provide longer hours, they are unreasonable.

The application before us requests that a rate of \$1.25 per month be established generally as the charge for exchange service over the lines of both companies. The Commission is of the opinion that adequate service can not be profitably supplied under such charges, but is also of the opinion that under the assumption of private ownership of instruments by patrons a rate of \$1.25 per subscriber with modifications for business service will return to the respondents the greatest possible amount of revenue from available patrons. The record indicates that considerable loss of business will result from higher charges.

The Commission does not approve the practice of these utilities in requiring that their patrons supply private instruments. We realize that on account of their present financial condition the respondents will perhaps not be able to immediately secure title to the instruments now in use. However, the law provides that a reasonable rental may be paid the owners of such equipment for the use thereof. Three dollars per year is considered a reasonable amount to be paid to the owners of instruments used upon these lines, this rental including a sufficient allowance for the maintenance of batteries by the subscribers.

Reasonable rates for the Waldport Telephone Company and the Yachats Telephone Company to impose for general switching service over a period of not less than fourteen hours per day are therefore as follows:

Business telephones .....	\$2.00 per month
Residence telephones .....	1.50 per month

These rates contemplate the ownership or rental and maintenance by the company of all instruments connected to its lines.

Natural and atmospheric conditions surrounding the long distance line of the Yachats Company between Waldport and Newport and the difficulties and consequent high expense experienced in its maintenance indicate that a charge should be made for conversations passing from the subscribers of either respondent companies to the system of the Pacific Telephone and Telegraph Company at Newport, in order that such expense may be equitably borne by the users of the line. A reasonable rate for this service, of the quality now available, is found to be as follows:

*For All Long Distance Connections to Newport—*

15c for first two minutes.  
5c for each additional minute.

Revenue derived from such long distance service shall be paid to the Yachats Telephone Company, which company shall in turn assume directly a portion of the joint central office operating expense equal to 5 cents for each such long distance call on the lines of the Pacific Telephone and Telegraph Company at Newport. The remainder of the central office operating expense shall be divided between the Yachats Telephone Company and the Waldport Telephone Company in proportion as the number of subscribers of each bears to the total number.

In view of the foregoing findings, the entire record in this proceeding and all facts pertinent thereto,

IT IS ORDERED that the Yachats Telephone Company and the Waldport Telephone Company from and after the effective date of this order shall extend the hours of service, discontinue the rates, tolls and charges now in effect for telephone service over their lines and establish in lieu thereof the rates, tolls and charges hereinbefore found to be reasonable, and in every other way conform to the findings set down and made a part of this order;

AND IT IS FURTHER ORDERED that on or before the effective date hereof the two companies herein defined shall file, according to law and the rules of this Commission, tariffs providing the rates to be established, together with all other rates, rules and regulations which may now be effective and not in conflict with this order.

A reasonable date for this order to become effective is May 1, 1918.

CALIFORNIA-OREGON POWER COMPANY, a corporation,	} No. U-F-187
<i>v.</i>	
KENO POWER COMPANY, a corporation,	Complainant, Defendant.

(ORDER ENTERED MAY 2, 1918.—P. S. C. ORDER NO. 379)

Complaint was filed herein on the 24th day of May, 1917, and amended complaint on the 4th day of June, 1917, by the California-Oregon Power Company, asking that the Commission issue an order compelling the Keno Power Company to immediately stop the construction of certain proposed electric transmission lines in or into certain territory now being served by the plaintiff company, and that an order be made declaring that neither the present nor future public convenience or necessity require or will require the construction by the defendant of such transmission lines.

The complaint, as amended, alleges in substance that the complainant is a corporation organized and existing under and by virtue of the laws of Cali-

fornia; that it is duly empowered to engage in and has for a long period of time been continuously engaged in the business of producing, generating, transmitting, delivering, furnishing and selling electric energy for light, heat and power purposes in different counties in Southern Oregon and Northern California, including the city of Klamath Falls and the surrounding community; that there is not now, nor has there ever been, any public utility corporation other than the complainant and its predecessors in interest engaged in the generation, transmission or sale of electric energy in said city of Klamath Falls and the territory adjacent thereto; that the complainant has been and now is ready, willing and able to adequately and efficiently supply all of the present and future requirements of the inhabitants and industries of said territory for electric energy at reasonable and fair rates; that the defendant is a corporation organized for the purpose of generating, transmitting and selling electric energy for light, heat and power and is the owner of a hydroelectric plant located on the Klamath river, about twelve miles south of Klamath Falls; that said plant has a capacity of 850 horsepower, and the electric energy generated is being distributed and sold in the territory near such plant to ten lighting customers and four power customers; that the defendant has threatened to construct and is about to commence the construction of transmission lines into the city of Klamath Falls and the adjacent territory now served by the plaintiff, for the purpose of delivering and selling electric energy in such territory; that the defendant has not obtained a certificate of public convenience and necessity authorizing it to construct said transmission lines; that defendant is not now able nor will it be able in the future to distribute and sell electric energy at a legitimate rate; that the present or future public convenience and necessity does not require nor will it require the construction of said proposed lines of defendant or the supplying of electric energy therefrom; and that the entrance of defendant into said territory and the sale by it of electric energy therein is inequitable and unjust, and will, if permitted, result in the loss of revenue to complainant, the depreciation in value of its said properties and investments and deprive them of the fruits of its many years of labor and endeavor in said territory.

Defendant in its answer admits, among other things, that it is not now rendering, nor has ever rendered service of any kind or character within the city of Klamath Falls; that the plaintiff has continuously and exclusively furnished said city of Klamath Falls with electric energy; also, that defendant will, unless prevented from so doing, complete the construction of its line into Klamath Falls and the adjoining territory for the purpose of supplying to the inhabitants thereof electric energy for light, heat and power purposes. Defendant further alleges in substance that there was submitted by initiative petition, at the general election in Klamath Falls held on the 7th day of May, 1917, to the legal voters thereof, an ordinance granting to said defendant a franchise and right for fifty years to supply electricity for all purposes within the city of Klamath Falls, which measure carried by a large majority, and, by proclamation of the mayor of said city, immediately went into full force and effect; that under the provisions of the charter of said city every grantee of any franchise by said city is allowed sixty days in which to file written acceptance of said franchise, and that such written acceptance was filed on the 1st day of June, 1917, and within such sixty day period; that for several years last past defendant has been constructing its lines and plant with a view to furnishing electric power for light, heat and power purposes to the city of Klamath Falls, the inhabitants thereof, as well as the surrounding community; that there is a large demand for such service, and that the service of the plaintiff is inadequate; that up to the 21st day of May, 1917, the transmission lines of the defendant already constructed and under construction cover all territory contiguous to the city of Klamath Falls on the south and west sides, and that within said city, since the granting of said franchise, defendant has dug holes and placed poles at same in readiness to be raised in the construction of its power line therein; that said work was done prior to the 21st day of May, 1917. Defendant further alleges that in March, 1917, it secured a contract with the Pine Grove Irrigation district to furnish said district electric current to the amount of seventy-five horsepower, for pumping water for irrigation purposes, for a period of ten years; that for the purpose of carrying out its part of said contract defendant immediately purchased material therefor and began the extension of its lines; that it has purchased a new turbine, let contracts for the construction of a high voltage transmission line to the city limits of Klamath Falls, as well as for the construction of one-fourth of a mile of distribution system within the city of Klamath Falls, that the work of actual

construction of such lines is now one-half completed, that the greater portion of all of said extensions, betterments and purchases, was completed and made before the 21st day of May, 1917; and that to exclude defendant from such territory would be unjust, inequitable and wholly unwarranted by the facts and conditions.

In support of the Commission's authority to issue such an order plaintiff cites, among others, Section 74 of the Public Utility Act (Chapter 279, Laws 1911), which provides, in part, as follows:

"Section 74. The Commission shall inquire into any neglect or violation of any law of this state or any law or ordinance of any municipality thereof by any public utility corporation doing business therein, or by the officers, agent, or employes thereof, or by any person operating a public utility, and shall have the power, and it shall be its duty to enforce the provisions of this act, as well as all other laws relating to public utilities and report all violations thereof to the attorney general."

However, in our opinion, this provision does not apply to formal proceedings of this nature between two utilities, but has reference to independent investigations which may be made by the Commission for the particular purpose of determining whether or not the law is being violated. Even in such special proceeding for the particular purpose of inquiring into the violation of a law, it does not appear that the Commission's jurisdiction would extend further than to report such violation to the attorney general for his attention, and would not authorize the issuance by the Commission of a restraining order such as is prayed for by the plaintiff herein. Moreover, the evidence presented in this case is not sufficiently clear to warrant the Commission in finding that any law is being violated.

In further support of the Commission's power to issue a restraining order, plaintiff has cited a number of cases where such powers have been exercised by the California Commission. It is to be noted, however, in connection with these cases that the California Public Utilities Act of December 23, 1911, delegates to the Commission, in specific terms, the power to make such orders, whereas the Oregon law makes no such provision. Nor does the Oregon law contain any provision from which it might be inferred that a restraining order might be issued by this body. We are, therefore, of the opinion that the issuance of a restraining order is beyond the powers of this Commission.

Before leaving this subject, however, we desire to say that in our opinion the parties interested in this question are not without an adequate remedy. If the general public or citizens of the community which is to be invaded by the Keno Power Company, or the utility now occupying such territory, believe that this invasion is in violation of law, such invasion may be restrained by proper proceedings in the circuit court.

The prayer of plaintiff's complaint further asks that an order be made declaring that neither the present nor future public convenience or necessity require or will require the construction by the defendant of the transmission lines under consideration. In this case the Keno Power Company has not applied for a certificate to enter the field on the ground of public necessity or convenience, nor has it in its answer made this question an issue. Throughout the hearing this company has maintained the position that this question was not involved.

Section 1 of Chapter 164 of the Laws of Oregon for 1917, under which this complaint is brought, provides in part as follows:

"No public utility, as the same is defined in Section 1 of Chapter 279 of the General Laws of Oregon for the year 1911, shall henceforth begin the construction of a line, plant or system, or any part thereof, or into any territory already served by a similar utility without having first obtained from the Public Service Commission of Oregon, after public hearing of all parties interested, a certificate that the present or future public convenience and necessity require, or will require, such construction."

It is quite apparent from the foregoing excerpt that the question of the public convenience and necessity existing in any case may only be presented upon the application of the utility desiring to invade the field and that the jurisdiction of this Commission does not attach until the utility desiring to enter the field makes application for permission to do so. The Commission must, therefore, decline to pass upon the question as now presented.

From a consideration of the foregoing facts and of the entire record before it, the Commission is of the opinion and finds that this cause should be dismissed for want of jurisdiction.

IT IS, THEREFORE, ORDERED that the above entitled matter be and it hereby is dismissed.

In the matter of the appeal of C. B. BUCHANAN & COMPANY, Hillsboro, Oregon, from the decision of Grain Department, Public Service Commission of Oregon, *re* oat dockage on bulk wheat. } No. G-F-3

(ORDER ENTERED MAY 4, 1918.—P. S. C. ORDER NO. 380)

This is an appeal brought by C. B. Buchanan & Company of Hillsboro, Oregon, under the provisions of Section 16 of Chapter 333 of the Laws of Oregon for 1917, from the decision of the Oregon State Grain Inspection Department as to the grading or dockage on a carload of bulk wheat shipped from North Plains, Oregon, on February 6, 1918, in car S. & I. E. No. 1652, consigned to the Stephens-Smith Grain Company at Portland, Oregon.

Hearing was held hereon at Portland, Oregon, on the 15th day of March, 1918, at which time and place testimony and proofs were offered and received on behalf of the appellant as well as the Grain Inspection Department, appellant appearing by Thos. H. Tongue, Jr., and the Grain Inspection Department appearing by Chas. E. Porter, its chief inspector, and James W. Church, its chief clerk.

It appears that at the time of loading the car in question samples were obtained by the loader by taking a small amount of grain in a cup from the loading spout as the grain ran from the cleaner to the car, these samples being taken at frequent intervals. Tests of the samples thus obtained were made by the appellant, the Oregon Grain Inspection Department, and the Federal Grain Supervisor at Portland, and show a dockage varying from 2.6 per cent to 3.4 per cent on account of tame oats.

When the car arrived at its destination at the mill of the Columbia Milling Company in Portland, samples were taken by a representative of the State Grain Inspection Department. These samples were taken by inserting a tryer five different times, twice in each end of the car and once in the center thereof, and by taking an occasional handful of grain from the door of the car as it was being unloaded. This sample was later inspected in the regular and approved way by an inspector of the department, and a dockage of 5 per cent was placed thereon on account of tame oats. Such dockage as was placed on this sample has been sustained by Mr. H. A. Martin, of the United States Grain Bureau, as being correct.

There being no dispute as to the grades placed on the respective samples, the point in issue, therefore, is whether or not the sample obtained by the Grain Department is a representative sample of the wheat contained in the car. It is the contention of the appellant that the method followed by their loader in obtaining his sample is a fair one and that the sample thus obtained is a true and representative sample of the wheat in question, and consequently that the sample of the Grain Department is not a true or representative one.

Considering the relative merits of the respective methods of obtaining samples of grain, the testimony introduced at the hearing would tend to prove that when grain runs from a spout or in a stream, the heavy grain runs to the center of the stream, while the light material or dockage runs to the outer edge thereof. The appellants' testimony shows that their sample was obtained by holding a cup in the stream of grain as it ran from the cleaning machinery into the car. This would seem to indicate that a sample that was better than the average of the lot might have been thus obtained.

Part of the sample obtained by the Grain Inspection Department, as above stated, was procured by the use of a standard grain tryer. This is the regulation method of obtaining such samples and is the one prescribed and followed by the United States Grain Bureau, and as far as this portion of the sample is concerned no question can be raised.

To unload the car an opening about a foot square was made in the bottom of the grain door and the grain allowed to run into hoppers to be elevated into the mill. After the grain in front of the door had run out, the grain doors were removed and the remainder of the wheat unloaded by the use of a power operated grain scoop. The remaining portion of the sample, or about two-thirds of it, was obtained by taking a handful of grain at occasional intervals from the door of the car as the grain ran out. While it might be possible to obtain an unfair sample in this last mentioned manner, if the proper care is used we believe a representative sample will be obtained.

From an analysis of the methods followed in obtaining the samples in question, we are of the opinion that if there is any difference in the relative



merits of the two methods it is in favor of the one followed by the State Grain Inspection Department, inasmuch as a portion of their sample was obtained by the use of a grain tryer. In any event, the facts of the case as developed by the testimony, would not justify the Commission in reversing the decision of the State Grain Inspection Department, and such decision must therefore be sustained.

IT IS, THEREFORE, ORDERED that the decision of the Oregon State Grain Inspection Department in the above entitled matter be and it is hereby sustained and affirmed, and the appeal of C. B. Buchanan & Company herein dismissed.

In connection with this case it might be well to say that it appears that the dissatisfaction with the grading on this car of wheat, and the resultant appeal therefrom, was due in a large measure to the fact that no recompense whatever was received for the dockage contained in the car, consisting of 4,410 pounds of oats, which, at \$60.00 per ton, the then market value of this grain, amounts to \$132.30. While we are of the opinion that pay should have been received for these oats, as well as for all other dockage which has a market value, this is a matter to be regulated entirely by private contract between the parties, and is mentioned here merely as having a bearing upon the cause of the appeal.

In the matter of the application of SPOKANE, PORTLAND  
AND SEATTLE RAILWAY COMPANY, OREGON ELECTRIC  
RAILWAY COMPANY, UNITED RAILWAYS COMPANY and  
OREGON TRUNK RAILWAY for permission to amend de-  
murrage tariff. } No. F-714

(ORDER ENTERED MAY 4, 1918.—P. S. C. ORDER NO. 381)

Spokane, Portland and Seattle Railway Company, Oregon Electric Railway Company, United Railways, and Oregon Trunk Railway, the petitioners herein, having filed a petition with this Commission asking for an order permitting and authorizing said petitioners to amend their demurrage tariffs so as to provide for the elimination of the average agreement as to coal, and to change the free time allowance on coal and all other commodities from forty-eight to twenty-four hours.

And it appearing that the issuance of such an order as is prayed for is now unnecessary by reason of the action which has been taken on this matter by the Director General of Railroads of the United States,

IT IS ORDERED that the above entitled matter be and it is hereby dismissed without prejudice.

In the matter of the application of the MINAM LUMBER  
COMPANY, a corporation, for a franchise on the Minam  
river, in Oregon. } No. L-F-6

(ORDER ENTERED MAY 6, 1918.—P. S. C. ORDER NO. 382)

The above entitled and numbered matter came on regularly for hearing before the Commission at the county courthouse in the city of La Grande, Oregon, on Wednesday, the 19th day of September, 1917, at the hour of 9 o'clock a. m., upon the application of Minam Lumber Company, a corporation, for a franchise for the purpose of driving, catching, booming, sorting, floating, rafting and holding lumber, logs and other timber products in, along and upon the Minam river in Union and Wallowa counties, applicant appearing by Cochran & Eberhard, and the George Palmer Lumber Company appearing by C. H. Finn, their respective attorneys. At this time and place testimony and proofs were offered and received, and additional testimony was taken by deposition at a subsequent date.

After due consideration of all the testimony introduced, the exhibits and proceedings filed and the entire record herein, the Commission, being now fully advised, makes the following findings:

\* \* \* \* \*

## III

That the portions of the Minam river sought to be improved by the Minam Lumber Company, and upon and over which franchise is applied for are as follows:

That portion of the river lying between a point on the south section line of Section fifteen (15), Township three (3) south of Range forty-two (42), E. W. M., to the conjunction of the Wallowa river and said Minam river in Section twenty-nine or Section thirty (29 or 30), Township two (2) north, Range forty-one (41), E. W. M.

\* \* \* \* \*

Based upon the foregoing findings the Commission makes the following conclusions:

First. That the applicant, Minam Lumber Company, is such a corporation as is contemplated by the provisions of Chapter 128 of the Laws of Oregon for 1917;

Second. That the best interests of the public will be served by granting a franchise to the applicant company for floating, driving, catching, booming, sorting, rafting, holding and handling of logs, lumber and other timber products for hire upon that part of the Minam river hereinbefore described; and for the improvement of said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917;

Third. That two years is a reasonable time within which the improvements hereinbefore mentioned and which are contemplated should be completed by the applicant along and upon said stream.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Minam Lumber Company a franchise, right and privilege for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs, lumber and other timber products along and upon the Minam river in the State of Oregon from a point on the south section line of Section fifteen (15), Township three (3) south of Range forty-two (42), E. W. M., to the conjunction of the Wallowa river and said Minam river in Section twenty-nine or Section thirty (29 or 30), Township two (2) north, Range forty-one (41), E. W. M., and that the said Minam Lumber Company be and it hereby is granted a franchise to improve said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917; provided, however, that the granting of this franchise shall not be construed to the prejudice of any individual desiring to use such stream for any of its practicable purposes, solely for their own use, insofar as such use shall not unduly interfere with the operations of the franchise holder; and provided further that a reasonable toll shall be paid for the use of any improvements made or facilities furnished by the franchise holder.

That the granting of this franchise shall not be construed as permitting Minam Lumber Company to take, damage or injuriously affect the property or property rights of individuals or corporations in or along the streams included in the franchise without first compensating such individual or corporation for the property or property rights so taken or injuriously affected; and

PROVIDED that the Minam Lumber Company and its successors and assigns in interest in operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy; and

PROVIDED FURTHER that this franchise is granted upon the condition that the Minam Lumber Company shall begin within ninety days and complete within two years from the date of this franchise the contemplated and necessary improvements in the findings described; and

That the said Minam Lumber Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all the rates and charges for the rafting, floating, booming and sorting of logs or other forest products and any service in connection therewith which it has established, and shall, within thirty days from the receipt of this order, file its acceptance of the terms hereof. Schedules shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service and failure to file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated, and subject to the jurisdiction of this Commission and its right to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the application of SHERIDAN LUMBER COMPANY, a corporation, for a franchise to carry on the business of floating, driving, booming and rafting of logs and timber products in Mill creek, in Township 7 south, Ranges 6 and 7 west of Willamette meridian, in Polk county, Oregon. } No. L-F-10

(ORDER ENTERED MAY 6, 1918.—P. S. C. ORDER NO. 383)

This matter came regularly on for hearing before the Commission at Sheridan, Oregon, on Friday, the 12th day of April, 1918, at 11 o'clock a. m., upon the application of the Sheridan Lumber Company for a franchise to carry on the business of floating, driving, booming and rafting of logs and timber products in Mill creek, in Township 7 south, Ranges 6 and 7 west of Willamette meridian, in Polk county, Oregon, applicant appearing by Russell E. Sewall and Sheridan Light and Power Company by W. O. Sims, their respective attorneys. At this time and place testimony and proofs were offered and received concerning the matter under consideration.

And after due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, now being fully advised, makes the following findings:

### III

That the portions of Mill creek sought to be improved by Sheridan Lumber Company and upon and over which franchise is applied for are as follows: That portion of Mill creek lying and being between a point on the said river on the township line between Ranges 7 and 8 west of the Willamette meridian and the mill pond of the applicant company at or near the center of Section 4, Township 7 south, Range 6 west of the Willamette meridian.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the applicant, Sheridan Lumber Company, is such a corporation as is contemplated by the provisions of Chapter 128 of the Laws of Oregon for 1917.

Second. That the best interests of the public will be served by the granting of the franchise to the applicant company for floating, driving, catching and booming logs and other timber products for hire upon that part of Mill creek hereinbefore described; and for the improvement of said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917.

Third. That three years is a reasonable time within which the improvements contemplated to be made in the future, and which are hereinbefore mentioned, should be completed by the applicant along and upon said stream.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to Sheridan Lumber Company a franchise, right and privilege for the floating, driving, catching, booming and handling of logs and other timber products along and upon Mill creek in Polk county, in the State of Oregon, from the point on the township line between Range 8 west and Range 7 west of the Willamette meridian, and the mill pond of the applicant company at or near the center of Section 4, Township 7 south, Range 6 west of the Willamette meridian, and that the said Sheridan Lumber Company be and it is hereby granted a franchise to improve said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917.

That the granting of this franchise shall not be construed as permitting the Sheridan Lumber Company to take, damage or injuriously affect the property or property rights of individuals or corporations in or along the stream included in the franchise without first compensating such individuals or corporations for the property or property rights so taken or injuriously affected; and

PROVIDED that the Sheridan Lumber Company and its successors and assigns in interest in operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy; and

PROVIDED FURTHER that this franchise is granted upon the condition that the Sheridan Lumber Company shall within three years from the date of this franchise complete the contemplated and necessary improvements hereinbefore in the findings described; and

That the said Sheridan Lumber Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the floating, driving, catching and booming of logs or other forest products and any service in connection therewith which it has established, and shall, within thirty days from the receipt of this order, file its acceptance of the terms hereof. Schedule shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service, and failure to file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction of this Commission and its right to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the application of the BANDON FARMERS AND MERCHANTS TELEPHONE COMPANY for authority to increase rates. } No. U-F-215

(ORDER ENTERED MAY 25, 1918.—P. S. C. ORDER NO. 385)

This proceeding was brought before the Commission on February 28, 1917, and after due process was fully heard and submitted at the town hall in Bandon, on May 14, 1918.

In the applicant's report to this Commission for the year 1917, the property used in the service of the public is described as twenty-three and a half miles of pole line and forty-seven miles of wire, with an asserted estimated cost of \$1,200.00. The records develop the fact that considerable donations of construction labor have not been included in the reported value, and our opinion is that the normal cost of such metallic circuit and pole line as here involved would not be less than \$70.00 per mile, and that the total cost of this property upon such a basis would be \$1,650.00. The ownership of instruments connected to the lines is not certain, and, inasmuch as no return is sought upon the investment, the applicant has no desire to include this equipment at this time.

At the date of hearing there was outstanding \$1,800.00 in par value of capital stock of a total authorized issue of \$3,000.00. No record is available as to what disposition was made of the proceeds from sale of this amount, but there is strong indication that they were invested directly and entirely in the construction or acquisition of the property.

During the year 1917 and at the date of hearing the applicant had twenty-one subscribers to its service, nineteen of whom were stockholders. The rate in effect was \$1.00 per month per subscriber, and returned during 1917 a total revenue of \$252.00. Applicant's tariff also includes a rate of 10 cents per call for nonsubscriber conversations over its lines, but this rate has been allowed to become inactive and is not now productive of revenue. Prayer is made to advance the subscriber rate to \$1.25 per month.

During the twelve months ended December 31, 1917, the applicant reported as paid out for expenses incurred in the operation of the system the following items:

Taxes .....	\$ 19.20
Switching fees at 25c per month per phone .....	63.00
Other labor and expense .....	145.00
<b>Total .....</b>	<b>\$227.20</b>

Since December 31, 1917, switching fees imposed by the Coos and Curry Telephone Company have been increased from 25 cents per month to 50 cents per month per phone and the record indicates that increased expenditures will probably be necessary on account of replacements required to maintain the lines in proper serviceable condition. Minimum expenses for a normal year under prospective circumstances should be as follows:

Taxes .....	\$ 19.20
Switching fees at 50c per month per phone .....	126.00
Secretary's salary .....	20.00
Other expense .....	150.00
<b>Total .....</b>	<b>\$315.20</b>

The present rates will not produce sufficient revenue to meet even these minimum expenses and are, therefore, unreasonable. Furthermore, the Commission is of the opinion that neither will the rates for which prayer is made ultimately yield sufficient revenue to properly operate and maintain the system and care for accruing depreciation, but, as requested by the company, they will be authorized without prejudicing the right of application at any time for such further adjustment as may, after reasonable trial, be found necessary.

IT IS, THEREFORE, ORDERED that the applicant, Bandon Farmers and Merchants Telephone Company, be and the same hereby is authorized to discontinue its present subscribers' rate of \$1.00 per month and to substitute in lieu thereof a rate of \$1.25 per month on and after the 1st day of June, 1918.

A reasonable date for this order to become effective is June 1, 1918. The Bandon Farmers and Merchants Telephone Company shall file, according to the requirements of law and the rules of this Commission, within twenty days from the effective date hereof a tariff setting forth the rates herein authorized.

In the matter of the application of the KENWILL TELE- { No. U-F-209  
PHONE COMPANY for authority to increase rates.

(ORDER ENTERED MAY 28, 1918.—P. S. C. ORDER NO. 388)

This is a proceeding brought before the Public Service Commission of Oregon by the application of the above named utility for an increase of its rates for subscriber exchange service for residence from \$1.50 to \$2.00 per month and for business houses from \$2.50 to \$3.00 per month. After due notice the case was fully heard and submitted at the city hall of North Bend on Wednesday, the 15th day of May, 1918.

In view of the record before it and its knowledge relative to the conditions existing in the territory covered by this system, the Commission is of the opinion that under normal conditions the property of the applicant now used in the service of the public could be reproduced in like kind, and under conditions similar to those which have in the past surrounded it, for the sum of \$3,750.00. Depreciation on the equipment has accumulated to such an extent that considerable replacement of poles and fixtures is now due. No reserve has heretofore been carried for this purpose, all replacements having been charged to operating accounts as current maintenance.

The patronage of the company at the date of hearing consisted of thirty-eight subscribers, two of whom were paying for service under the business rate. The total amount of revenue received from these subscribers under the rates now in effect will not exceed \$700.00 per year. The rates imposed under the tariff now

on file with the Commission contemplate the ownership and maintenance of all instruments by the company. Stockholders and nonstockholders properly receive the same monthly charges.

An analysis of the conditions shown by the record and of the expenditures shown upon the company's books, during the ten months preceding the date of hearing, indicates that the minimum annual amount required for the operation of the system may be expected to be as follows:

Switching service to Coos and Curry Telephone Company at \$6.00 per phone	\$228.00
Corporation tax	10.00
State and county tax	42.00
Secretary's salary	20.00
President's salary (free service)	18.00
Other labor and expense of operation and maintenance	325.00
<b>Total</b>	<b>\$643.00</b>

This total does not include the fixed charges upon the present debt of the company, amounting to about \$56.00 per annum.

In addition to the small portion of the above expense which is chargeable to replacement of defunct equipment, there should also be provided some additional annual allowance to care for accruing depreciation not so covered by the current maintenance expenditures. This liability is accumulating, and, if service is to be continued, will ultimately require financial outlay not now encountered. Under the most favorable circumstances, an allowance of \$175.00 per year could not be considered excessive for this purpose.

The present rates will not provide sufficient revenue to meet the conservative expense shown above and proper allowance for the depreciation accruing upon the investment dedicated to this public service. Under such conditions no return whatever can be available under these rates to care for the interest and principal of the financial obligations now resting against the property.

In view of the facts disclosed by this investigation, the Commission finds that the present rates of the Kenwill Telephone Company for subscriber exchange service over its lines are unreasonable and inadequate. The rates proposed by the applicant are, in our belief, not unreasonably high for the service rendered, will not produce, in addition to the amount required for operation and maintenance, an unfair return upon any reasonable value that might be attached to the system, and are just, reasonable and not unjustly discriminatory rates to be imposed for the service under consideration.

IT IS, THEREFORE, ORDERED that the applicant, the Kenwill Telephone Company, shall be and hereby is authorized to discontinue on July 1, 1918, the rates and charges which it now has in effect for subscriber exchange service and to impose in lieu thereof a rate of \$2.00 per month for residence service and \$3.00 per month for business service.

NEWPORT COMMERCIAL CLUB,  
v.  
SOUTHERN PACIFIC COMPANY,

Plaintiff, }  
Defendant. } No. F-749

(ORDER ENTERED JUNE 17, 1918.—P. S. C. ORDER NO. 393)

This matter is before the Commission upon the application of the Newport Commercial Club for an order of this Commission, after due hearing and investigation, requiring the defendant, Southern Pacific Company, to extend what is known as its Yaquina branch from the present terminus thereof at Yaquina to Newport, Oregon; to which application answer was made by defendant company by way of a motion to dismiss the complaint for the reason that this Commission is without power or authority to grant the relief prayed for, and that the matters complained of and described in said complaint are beyond its jurisdiction; and said plaintiff having agreed, by its attorney, in writing, that said motion is well taken, and said plaintiff having indicated that it expects to get transportation relief from another source, namely, through the extension of said railroad by the Federal government;

IT IS, THEREFORE, ORDERED that the said complaint be and the same is hereby dismissed.

In the matter of the application of the SIUSLAW BOOM COMPANY for franchise for floating, driving, catching, booming, sorting, rafting, holding and handling of logs and other timber products on the Siuslaw river and tributaries, in Lane county, Oregon. } No. L-F-2

(ORDER ENTERED JUNE 15, 1918.—P. S. C. ORDER NO. 394)

This matter came on regularly to be heard before the Commission on the application of the Siuslaw Boom Company for a franchise for floating, driving, catching, booming, sorting, rafting, holding and handling logs and other timber products upon the Siuslaw river, the bayous, sloughs and tributaries, at Cushman, Lane county, Oregon, on the 9th day of August, 1917, at the hour of 10:30 o'clock a. m.

The Commission, being now fully advised in the premises, and being of the opinion that such findings, conclusions and order should be changed and modified in certain respects, makes the following findings, conclusions and order in lieu thereof:

### VIII

That the streams and portions of streams sought to be improved by the Siuslaw Boom Company, and upon which franchise is asked in said application, are particularly described as follows, to-wit:

The Siuslaw river from a point in Section 1, Township 20 south, Range 6 west, and known as the Siuslaw falls, to the mouth of said river and including:

Duncan slough, and including that part of Esmond creek from a point where the same crosses the section line between Sections 9 and 16, in Township 19 south, Range 8 west, to its confluence with the Siuslaw river;

Wolf creek from a point near where the same crosses the section line between Sections 35 and 36, in Township 18 south, Range 8 west, to its confluence with the Siuslaw river;

Whitaker creek from a point near where the same crosses the section line between Sections 21 and 28, in Township 18 south, Range 8 west, to its confluence with the Siuslaw river;

Wild Cat creek from a point near where the same crosses the section line between Sections 15 and 16, in Township 18 south, Range 8 west, to its confluence with the Siuslaw river;

Lake creek from a point in Section 30 below the falls from Triangle lake, in Township 16 south, Range 7 west, to its confluence with Siuslaw river, together with Triangle lake as a storage basin;

Indian creek from a point in the northeast quarter of Section 20, Township 17 south, Range 9 west, to its confluence with Lake creek;

Deadwood creek from a point in the northeast quarter of Section 15, Township 17 south, Range 9 west, to its confluence with Lake creek;

South slough from a point known as the proposed new dike of W. F. Boring to its confluence with the main Siuslaw river;

Together with all sloughs, bayous and storage and booming grounds of the said Siuslaw river from where the same crosses the township line between Townships 17 and 18 south, Range 10 west, to the mouth of said river and its confluence with the Pacific ocean.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. The applicant, Siuslaw Boom Company, is such a corporation as is contemplated by the provisions of Chapter 123 of the Laws of Oregon for 1917 to receive a franchise upon said streams, and has complied with all of the requirements of said act as to filing of application, posting, publication and service of notice of the time and place of hearing upon such applications, and all other preliminary requirements thereof;

Second. That the best interests of the public will be served by granting a franchise to the Siuslaw Boom Company for floating, driving, catching, booming, sorting, rafting, holding and handling of logs and other timber products for hire upon the streams and parts of streams hereinbefore in paragraph VIII of these findings described;

Third. That three years is a reasonable time within which the improvements hereinbefore mentioned which are contemplated to be installed by the applicant along and upon the streams and parts of streams hereinbefore described should be completed.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and there is hereby granted to the Siuslaw Boom Company a franchise for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs and other timber products for hire along and upon the streams and parts of streams hereinbefore in paragraph VIII of the findings described, and to collect tolls therefor, pursuant to and in accordance with the terms and provisions of Chapter 128 of the Laws of Oregon for the year 1917, and pursuant to the rules and regulations of the Public Service Commission of Oregon now in force or which may hereafter be promulgated, and subject to the Federal statute and rules and regulations governing navigable waters; provided, however, that the granting of this franchise shall not be construed to the prejudice of any individuals desiring to use such streams for any of their practicable purposes, solely for their own use, insofar as such use shall not unduly interfere with the operation of the franchise holder; and provided further that a reasonable toll shall be paid for the use of any improvements made or facilities furnished by the franchise holder; provided, also, that the granting of this franchise shall not be construed as permitting the Siuslaw Boom Company taking, damaging or injuriously affecting the property or property rights of individuals or corporations in or along the stream or streams included in the franchise without first compensating such individual or corporation for the property or property rights so taken or injuriously affected.

The Siuslaw Boom Company and its assigns and successors in interest in operating under this franchise, shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in any stream or streams included in the franchise for the purpose of supplying the public with electric energy.

This franchise is granted upon the condition that the Siuslaw Boom Company shall begin in ninety days and complete within three years from the date of this franchise the contemplated and necessary improvements hereinbefore in the findings described along and upon the streams and parts of streams upon which this franchise is granted, and that this franchise shall be null and void unless accepted in writing within thirty days after the receipt of this order.

IT IS FURTHER ORDERED that the findings, conclusions and order entered herein on the 27th day of December, 1917, be and the same are hereby vacated, set aside and held for naught.

In the matter of prescribing and fixing grades, and the }  
promulgation of rules and regulations covering the } No. G-F-4  
handling, weighing, inspecting and storage of onions. }

(ORDER ENTERED JUNE 6, 1918.—P. S. C. ORDER NO. 395)

Pursuant to resolution duly made and entered by this Commission on this date,

IT IS ORDERED that the following grades, and rules and regulations covering the handling, weighing, inspecting and grading of onions be and are hereby fixed, established and adopted as standard grades and reasonable rules for the purposes therein mentioned, to be effective July 1, 1918:

#### GRADES

##### *Oregon Grade No. 1:*

This grade shall consist of onions which are firm and well cured, well shaped, of similar varieties, free from doubles, splits, bottle necks, seed stalks, and practically free from damage caused by dirt and other foreign matter, moisture, sunburn, cuts, disease, insects or mechanical means. The minimum diameter shall be one and three-fourths inches, and the maximum diameter shall be four inches. In order to allow for variations incident to commercial grading, six per cent by weight of any lot need not meet the foregoing requirements of this grade.



*Oregon Grade No. 2:*

This grade shall consist of onions not meeting the requirements of Oregon Grade No. 1, which are sound, well cured and of similar varieties and free from doubles, splits, bottle necks and practically free from damage caused from sunburn, disease, cuts, insects or mechanical means. In order to allow for variations incident to commercial grading, ten per cent by weight of any lot need not meet the foregoing requirements of this grade.

*Oregon Bollers:*

This grade shall consist of onions having a maximum diameter of two inches and a minimum diameter of one inch, not meeting with the requirements of the foregoing grades, which are sound, free from doubles, splits, bottle necks and practically free from damage caused by moisture, sunburn, cuts, disease, insects or mechanical means. In order to allow for variations incident to commercial grading, ten per cent by weight of any lot need not meet with the foregoing requirements of this grade.

*Culls:*

Culls shall consist of doubles, splits, bottle necks, seed stems, or onions that do not meet the requirements of any of the foregoing grades.

## RULES AND REGULATIONS

Rule 1. All correspondence relative to inspection of onions and all other questions affecting this department should be addressed to the Public Service Commission, Grain Department, Portland, Oregon.

Rule 2. The chief inspector, chief deputy inspectors and deputy inspectors of potatoes shall be the chief inspector, chief deputy inspectors and deputy inspectors of onions. Such inspectors shall not be engaged, directly or indirectly, in any phase of the onion business while engaged in inspection work.

Rule 3. The chief deputy inspector at each point which may be designated as an inspection point shall have full charge of the inspection at such point, with supervision over all deputy inspectors, subject to the authority of the chief inspector.

Rule 4. It shall be the duty of each chief deputy to keep a complete record of the condition of all cars on arrival, coming under his supervision. He shall record the number of all seals broken by him; also the number and description of the state seals substituted therefor. As soon as the car is inspected it shall be the duty of the inspector to seal the car and to record the number of the seal.

Rule 5. Inspectors shall issue certificates of inspection at time inspection is completed. One copy of the certificate shall be tacked in a conspicuous place inside the car near the door, and two copies shall be furnished the shipper.

Rule 6. The inspector shall, in the case of cars containing more than one grade or variety of onions, indicate on the certificate the amount and grade of each lot in the car.

Rule 7. The inspector shall keep a record of each lot or car inspected, showing the names of the parties furnishing the onions, the name of the shipper, the actual number of sacks opened, the grade established and the name and number of the car and seal, a copy of which record shall be forwarded to the chief inspector.

Rule 8. When samples are sent for inspection requesting a grade, the chief inspector or chief deputy at the point sent to may inspect such samples and if requested issue a certificate showing the grade for the same. The certificate shall be marked "Sample Inspection." A charge of 75 cents will be made for each sample so inspected, to be paid by party requesting same.

Rule 9. Any person feeling aggrieved over the grades placed by any chief deputy or inspecting deputy may ask for reinspection to be made by the chief inspector. The chief inspector shall make such reinspection and issue reinspection certificate showing his findings. The fee for reinspection shall be the same as for the original inspection and shall be refunded if the original inspection is not sustained.

Rule 10. Onions shall be packed in uniform packages weighing 100 pounds net.

Rule 11. Sacks used as containers shall be clean, sound and of uniform size, well filled, and securely sewed and marked with grade and initial or mark of grower or packer with letters not less than one and one-half inches high.

Rule 12. Cars of onions shall be loaded with onions of uniform grade and variety from bottom to top so each lot will be readily accessible to the inspector, and in case any loader fails to comply with this regulation, he shall pay the sum actually expended in rendering such lot of onions accessible for inspection.

#### FEES FOR INSPECTION

Rule 13. The regular fee for inspection shall be, until otherwise promulgated, three dollars (\$3.00) for each inspection of carload lots or parts thereof, when inspected for car shipments, except as hereinafter set forth; or ten cents (10c) per ton for warehouse storage, in any quantity not less than fifteen-ton lots. For inspection made on load lots only, twenty-five cents (25c) per ton or fraction thereof. If state inspection of stock is requested at some point distant from state inspection center, there shall be charged in addition to the regular fee, a sum covering the actual transportation and hotel charges incurred in making such trip for inspection purposes.

Rule 14. Shippers purchasing onions shall pay the regular inspection fee to the inspector. Persons calling for inspection at other than inspection points shall pay transportation and hotel charges of inspector, and these charges shall be collected by the inspector.

In the matter of the application of the CLACKAMAS COUNTY DRIVING AND RAFTING COMPANY for a franchise to drive, catch, boom, sort, raft and hold logs, lumber and other timber products under Chapter 128 of the Laws of Oregon for 1917, on Butte and Coal creeks, Clackamas county, Oregon, } No. L-F-13

(ORDER ENTERED JUNE 17, 1918.—P. S. C. ORDER NO. 397)

This matter came regularly on for hearing before the Commission at Oregon City, Oregon, on the 30th day of April, 1918, at 10 o'clock a. m., upon the application of the Clackamas County Driving and Rafting Company for a franchise to drive, catch, boom, sort, raft and hold lumber, logs and other timber products in and upon Butte and Coal creeks in Clackamas county, Oregon.

And after due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, being now fully advised, makes the following findings:

#### III

That the portions of the streams sought to be improved by the Clackamas County Driving and Rafting Company and over which franchise is applied for are as follows: Butte creek from its source to the town of Scotts Mills, and Coal creek from the source of the north and east forks thereof down to the confluence of Coal creek with Butte creek.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the applicant, Clackamas County Driving and Rafting Company, is such a corporation as is contemplated by the provisions of Chapter 128 of the Laws of Oregon for 1917;

Second. That the best interests of the public will be served by granting the franchise to the applicant company for floating, driving, catching, booming, sorting, rafting, holding and handling logs, lumber and other timber products for hire upon the portions of Butte and Coal creeks hereinbefore described; and for the improvement of said streams by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917;

Third. That two years is a reasonable time within which the improvements contemplated by the applicant, as set forth in paragraph 4 of these findings, should be completed.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Clackamas County Driving and Rafting Company a franchise, right and privilege for the

floating, driving, catching, booming, sorting, rafting, holding and handling of logs, lumber and other timber products along and upon Butte creek from its source to the town of Scotts Mills, and Coal creek from the source of the north and east forks thereof down to the confluence of Coal creek with Butte creek, in Clackamas county, Oregon, and that the said Clackamas County Driving and Rafting Company be and it is hereby granted a franchise to improve said streams by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917, subject to the following conditions and restrictions:

That the granting of this franchise shall not be construed as permitting the Clackamas County Driving and Rafting Company to take, damage or injuriously affect the property or property rights of individuals, firms, corporations or associations in or along the streams included in the franchise without first compensating such individual, firm, corporation or association for the property or property rights so taken or injuriously affected; and

Provided further that the granting of this franchise shall not be construed to the prejudice of any individuals desiring to use such streams for any of their practicable purposes, solely for their own use, insofar as such use shall not unduly interfere with the operations of the franchise holder; and provided further that a reasonable toll shall be paid for the use of any improvements made or facilities furnished by the franchise holder.

Provided, also, that the Clackamas County Driving and Rafting Company and its successors and assigns in interest, in operating under this franchise, shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said streams for the purpose of supplying the public with electric energy; and

Provided further, that this franchise is granted upon the condition that the Clackamas County Driving and Rafting Company shall, within thirty days from the receipt of a copy of this order, file its acceptance or the terms hereof, and, within sixty days from the receipt of a copy of this order, prove to the satisfaction of the Commission its good faith and financial ability to perform the work contemplated; and

Provided further that this franchise is granted upon the condition that the Clackamas County Driving and Rafting Company shall begin within ninety days and complete within two years from the receipt of a copy of this order the contemplated and necessary improvements hereinbefore in the findings described; and

Provided further that, before proceeding with the work contemplated by this franchise or exercising the rights herein granted, the applicant shall file with the Commission a good and sufficient indemnity bond issued by a reliable surety company operating within the State of Oregon, in the amount of ten thousand dollars, such bond to be so conditioned that any individual, firm, association or corporation suffering any loss or damage either to itself or property may bring suit or action against the principal and surety or sureties on such bond for the damage so suffered, and to be further conditioned that the surety or sureties on said bond shall be liable in the same manner and to the same extent as the applicant company, such bond to be approved by the Commission; and

It is further provided that the said applicant shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the driving, floating, catching, booming, sorting, rafting and holding of logs or other forest products and any service in connection therewith which it has established.

It is further provided that failure on the part of the applicant to file its acceptance hereof, begin the construction of the improvements herein provided for, make proof of its financial ability, file the bond herein provided for or the schedule of rates to be charged, within the times hereinabove set forth, shall render this franchise null and void.

The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction of this Commission and its rights to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of changing and fixing standards for wheat and shelled corn to conform to the official standards of the United States for wheat and shelled corn as established and promulgated by the Secretary of Agriculture, April 13, 1918, effective July 15, 1918. } No. G-F-1

(ORDER ENTERED JUNE 24, 1918.—P. S. C. ORDER NO. 398)

Pursuant to the following provisions of Section 12 of Chapter 333 of the General Laws of Oregon for 1917:

"The Commission shall adopt as state grain standards all grades for grain and hay now or hereafter established by the United States Department of Agriculture;"

IT IS ORDERED that the following official standards of the United States for wheat and shelled corn as established and promulgated by the Secretary of Agriculture, April 13, 1918, effective July 15, 1918, be and they are hereby established, adopted and fixed as the official grades for the State of Oregon, on and after July 15, 1918.

(The standards then follow and are contained in a printed pamphlet issued by the Commission.)

In the matter of the application of the OREGON GAS AND ELECTRIC COMPANY for authority to increase rates. } No. U-F-207

(ORDER ENTERED JUNE 24, 1918.—P. S. C. ORDER NO. 401)

Under date of November 21, 1917, the Oregon Gas and Electric Company, a corporation of the State of Arizona, filed with this Commission its application for an increase in rates for the furnishing of gas for heating, lighting and other purposes. This matter came on for hearing and investigation before the Commission at Medford, Grants Pass and Roseburg on the 2d, 3d and 4th days of April, 1918, respectively, at which times and places testimony was offered and received both on behalf of the applicant and the consumers of gas.

The total cost of the company's property as shown by its books is the sum of \$341,550.00. This includes all money outlay up to date, including original as well as later investments, there being no segregation of these items in the books of the company. Nor are the figures segregated as to the various plants involved.

An estimate of the present value of the physical property of the utility in question has been prepared by the engineering department of the Commission. This estimate is based upon the application of average or normal costs to the items of an inventory compiled by actual measurement and checking of the appliances, machinery and equipment installed and takes into consideration the present depreciated condition of the property. This estimate is as follows:

<b>Roseburg Plant—</b>	
Land .....	\$ 750.00
Structures .....	3,540.00
Production equipment .....	18,288.00
Holders .....	16,080.00
Distribution equipment .....	19,002.00
Utilization equipment .....	914.00
General equipment .....	2,985.00
<b>Total Roseburg plant .....</b>	<b>\$61,559.00</b>
<b>Grants Pass Plant—</b>	
Land .....	\$ 800.00
Structures .....	3,250.00
Production equipment .....	18,684.00
Holders .....	16,080.00
Distribution equipment .....	26,450.00
Utilization equipment .....	525.00
General equipment .....	1,596.00
<b>Total Grants Pass plant .....</b>	<b>67,385.00</b>

*Medford or Voorhies Plant—*

Land .....	\$ 1,500.00
Structures .....	4,995.00
Production equipment .....	25,610.00
Holders .....	18,600.00
Transmission equipment .....	25,201.00
Distribution equipment .....	99,298.00
Utilization equipment .....	1,009.00
General equipment .....	4,565.00
<b>Total Medford plant .....</b>	<b>180,778.00</b>
<b>Value of entire physical property .....</b>	<b>\$309,722.00</b>

Based upon the foregoing, and from a consideration of all the testimony submitted and proofs offered, the Commission finds that for the specific purpose of this investigation and none other the value of the physical items only of the property owned by the Oregon Gas and Electric Company, and used in the service of the public, including an allowance for working capital held in readiness for the operation of the business, was on January 1, 1918, \$315,000.00.

The rates charged and in effect for the service of the applicant during the year 1917 were as follows:

1 to 5,000 cubic feet .....	\$1.75 per M.
5,000 to 7,500 cubic feet .....	1.675 per M.
7,500 to 10,000 cubic feet .....	1.60 per M.
10,000 to 14,900 cubic feet .....	1.525 per M.
14,900 to 44,900 cubic feet .....	1.25 per M.
45,000 cubic feet and over .....	1.20 per M.

The above prices are subject to a discount of 25 cents per 1,000 cubic feet on all bills which are paid on or before the 10th of the month.

Minimum charge, \$1.00 per month.

The revenue resulting from, together with the expenses incident to, the operation of the property, as shown by the record, for the year ending December 31, 1917, were as follows:

Revenues .....	\$39,528.35
Expenses .....	36,164.38
<b>Net operating revenue .....</b>	<b>\$ 3,363.97</b>

These figures are the results of bare operation, and do not take into consideration the depreciation, taxes nor return upon the investment. To be deducted from the net operating revenue we have the following estimated items:

Taxes assignable to operations .....	\$ 2,803.27
Uncollectible operating revenue .....	220.26
Reserve for depreciation .....	22,500.00
Miscellaneous deductions .....	69.80
<b>Total deductions .....</b>	<b>\$25,593.33</b>

This would leave a net deficit for the year of \$22,229.36, without taking into consideration any return on the investment, and, if a return of six per cent on the value of the property as found by the Commission should be taken into consideration, the net deficit would be increased to \$41,129.36. The reports of this utility indicate that it has at no time paid a return, but on the contrary, has been operated at a loss. From January 1, 1912, to July 15, 1915, approximately four years' interest was paid on the total outstanding bonds of \$386,000.00 from assessments made on the stock. No bond interest has ever been paid from earnings. Since the above payment, unpaid bond interest has been accruing at the rate of \$23,160.00 annually.

One of the principal items of expense entering into the manufacture and sale of oil gas is the crude oil from which the gas is manufactured. The utility in question is now purchasing this commodity under what may be termed very favorable contracts, at the price of 40 cents per barrel at the wells, and 81 cents f. o. b. Portland, the oil for the Grants Pass and Medford (Voorhies) plants being shipped by rail from the California wells, and that used at Roseburg being purchased at Portland. However, the contract under which this oil is now being purchased expires on July 1 of this year and the oil companies are now refusing to contract for oil in advance at any price. At the time of the hearing

the market price of oil was \$1.45 per barrel at the wells, or an increase of \$1.05 over the old contract price under which this utility is now purchasing. Adding to this figure the freight from the wells to the plant makes the total cost of oil at the Medford plant \$2.25 per barrel.

In this connection it is well to make clear the condition in which the utility finds itself at the present time. During the year 1917 the total gas sold was approximately 28,725,900 cubic feet. Assuming a sixteen per cent manufacturing and distributing loss, which is common in plants of this type and output, the total amount of gas manufactured was 34,200,000 cubic feet. In systems of this size running at normal capacity it has been found that eleven gallons of oil are required to make 1,000 cubic feet of gas. Owing to the fact that these plants are operated at an exceedingly low capacity, probably not over one-third of their rated capacity, there were required fourteen and three-fourths gallons of oil per thousand cubic feet of gas manufactured, due to intermittent operation and consequent cooling and reheating of gas generators. Thus, during the year 1917, approximately 12,010 barrels of oil were required for that year's output. The company's payroll this year, not including salaries of higher officers, and which appears to be reasonable, is \$1,152.50 per month. A further assumption can be made of approximately \$3,000.00 for material involved in maintenance of plant and distribution equipment, incidental material, etc.; also another assumption of probably \$5,000.00 per year normal administrative expenses. Summarizing these various amounts on a basis of figures brought out at the hearing, the following results, on the assumption of the same output during 1918 as for the preceding year:

12,010 barrels of oil at \$2.25, delivered.....	\$27,023.00
Payroll, 12×\$1,152.50 .....	13,830.00
Taxes, depreciation, etc. ....	25,593.00
Maintenance, repair and incidental material, estimate .....	3,000.00
Interest on \$315,000.00 at 6 per cent .....	18,900.00
Administrative expenses, estimate .....	5,000.00
<b>Total annual expense .....</b>	<b>\$93,346.00</b>

Dividing the total annual expense of \$93,346.00 by the 28,725,900 cubic feet of gas sold results in a cost for delivered gas of \$3.25 per thousand cubic feet sold.

Now, if the last two items of interest and administration are omitted, the annual expense would be approximately \$69,446.00, which, divided by the amount of the gas sold, namely, 28,725,900, shows the cost of production under these conditions to be \$2.42 per thousand cubic feet sold, which would of course mean that the higher officers of the utility would not receive salaries for their services nor the stock and bond holders any interest on the investment. Under the rates now charged utility received for gas sold an average net price of \$1.36 per thousand cubic feet, considering all classes of consumers, discounts, etc. Sale of its product at this rate results in heavy loss to the company when considered in connection with the cost of production just determined.

The increase in rates requested by the applicant in its original application was 15 cents per thousand cubic feet, which request, however, did not take into consideration the then unforeseen large increase in the cost of oil. At the time of hearing in this matter and on account of the certain increase, an amendment to the application was offered and accepted changing the request from an increase of 15 cents per thousand cubic feet to an increase of 50 cents per thousand cubic feet.

The company is laboring under an immense disadvantage in having installed a system of minimum capacity available, which at the present time is sufficient to supply several times the existing demand for its product. The abnormal fixed charges naturally attendant upon such operation comprise one of the chief elements of the high cost of delivered gas heretofore discussed. On account of imminent increase in cost of gas due to the combination of advanced oil prices and freight rates, the question of remodeling the various plants to use other kinds of fuel has been investigated. Under existing conditions this plan is found to be impracticable.

From a full consideration of the facts and conditions surrounding the operations of this utility, it is quite apparent to the Commission that the applicant can not long continue to operate under the rates it now receives for its service; to do so under such extremely adverse conditions would soon force the company

into the hands of a receiver. On the other hand, to cease operations would mean that the owners, on account of the peculiar character of the property, would perhaps permanently abandon the majority of a considerable investment made to supply this service in the territory involved. Should the service be discontinued, the existing customers would also be forced to abandon present equipment and purchase appliances suitable for the use of other fuel. Neither alternative can hold any considerable attraction for the company or the public.

Public utilities in common with private corporations and individuals should bear their share of the burden arising out of the present war, but those burdens should not be allowed to assume such proportions as to make it impossible for them to operate and meet their reasonable obligations. Public utilities play such an important part in our industrial and economic organization that it becomes very essential for their welfare and financial integrity to be guarded insofar as is possible during the emergency. Our government has urged that state and local officials respond promptly to the necessities of the situation in order that public service utilities as a part of our national equipment may be maintained at their maximum efficiency.

Without regard to the war emergency, it also must be noted in this connection that the closing down of these plants would reflect adversely upon the general commercial and industrial development of the several communities involved.

It is a well-founded principle that the owners of a utility project are entitled to sufficient revenue from the business to pay operating expenses, depreciation and taxes and to afford a fair return upon the value of the investment necessarily and reasonably made to serve the public, provided always that the taking of such revenue from the rate payers does not impose upon them an undue burden. Various elements entering into the case at hand indicate that rates sufficiently high to provide enough revenue to meet the total reasonable cost of delivered gas with or without a return upon the investment would place an unreasonable burden upon the public. Such charges would not only be unreasonable ones to require of the patrons of the company, but in addition would undoubtedly be above the value of the service, measured by a comparison of convenience and cost with other fuels, to such a large number of customers as to defeat, by the loss of those customers, the very purpose of the increases. The problem resolves itself, then, into one of providing for the company, without placing unreasonable rates upon its patrons, sufficient revenue to permit the continued operation of the system. If the revenue can not be made sufficient to accomplish this purpose until the return of normal conditions, the project must suffer the consequences which naturally threaten.

From a study of the cost of gas with cost of competing products such as wood, coal and electricity, and considering the relative convenience in the application of these various classes of fuel, we are inclined to the belief that the rates for which application is made are reasonable for the consumer from the standpoint of both the value of the service to be rendered under them and the cost of that service to its producer.

It is impossible to definitely forecast the result of operations under any rate that might be authorized. We believe, however, that rates at the level of those asked by the applicant will not produce any extensive reaction tending to seriously reduce the number of customers or the revenues. Under the income from such rates we expect it to be possible, in the absence of continued increase in production expenses, to prolong the operation until the return of normal conditions. Considering the uncertain duration of the oppressive situation affecting the finances of the utility, it would seem that any authority for an increase granted by the Commission should be of a temporary nature, its continuation dependent upon the conditions encountered hereafter.

In the adjustment of rates which the Commission now finds necessary to make, attention is called to the fact that the existing schedule of charges for gas service involves what is commonly known as the "Step" principle. Under a rate designed in this manner, it becomes possible for the customers having different monthly consumptions to receive identical monthly bills. Such rates tend to produce unfair discrimination between individuals and have often been condemned by this Commission. The design of the schedule to be made effective will be modified for the elimination of this unreasonable feature. All blocks of unit charges will be made cumulative.

From a full consideration of all the foregoing elements, the Commission finds the existing rates of the Oregon Gas and Electric Company are unreasonable

and unjustly discriminatory and that under the existing conditions the following rates are just, reasonable and not unjustly discriminatory to be imposed for the service offered:

First 5,000 cubic feet used per month .....	\$2.10 per M.
Next 7,500 cubic feet used per month .....	1.70 per M.
Next 32,500 cubic feet used per month .....	1.40 per M.
Excess over 45,000 cubic feet used per month .....	1.35 per M.

The above prices are subject to a discount of 10 cents per thousand feet if paid on or before the 10th of the month following the month in which the gas was used.

Minimum charge \$1.00 per month.

Based upon the foregoing findings and upon all the testimony submitted and proofs offered,

IT IS CONSIDERED, DETERMINED AND ORDERED that the applicant be and hereby is granted the right and privilege, from and after the effective date of this order, to make, charge, impose and collect the just, reasonable and not unjustly discriminatory rates as hereinabove set forth.

PROVIDED, HOWEVER, that the permission and authority herein granted is of a temporary nature, and upon the expiration of the period of six months from and after the effective date hereof such right and authority shall cease to exist and the rates heretofore charged shall be restored and become operative unless further extension shall in the meantime be granted, upon the application of the utility involved.

This order shall become effective on the 1st day of July, 1918, for service rendered after that date, and within twenty days thereafter the applicant shall publish and file with the Commission, in the manner provided by law, a tariff, or a supplement to its present tariff, setting forth the rates herein prescribed, and shall thereafter do all the matters and things reasonably necessary for the carrying out of the spirit and intent of this order.

In the matter of the investigation and suspension of advances in rates by the SUMPTER VALLEY RAILWAY COMPANY. } No. F-730

(ORDER ENTERED JULY 5, 1918.—P. S. C. ORDER NO. 402)

This is a proceeding upon the Commission's own motion concerning the propriety of a fifteen per cent increase in the rates and charges for the transportation of logs between certain points on the line of the Sumpter Valley Railway Company.

It appears that the rates from Tipton, Austin and Dixie to Baker were fixed by an order of this Commission under date of September 5, 1912. The rate between Whitney and Baker was placed in effect in 1911, or prior thereto, since which date it has been maintained, and has been held by this Commission to be a reasonable rate. Since these rates were made conditions affecting the operation of this railroad have changed materially, and the cost of operation, due to war conditions, has been greatly increased. It further appears that the rates proposed are not in excess of those charged generally on logs on other lines of railroad in Oregon where like conditions are encountered.

From a full consideration of these facts, and of the entire record before it, the Commission is of the opinion and finds that the increased rates covered by the tariff under suspension have been justified.

IT IS, THEREFORE, ORDERED that the order of suspension heretofore entered herein be and the same hereby is vacated, and that the rates suspended may become effective upon the filing of an amendment to the schedules reinstating them, upon one day's notice to the Commission and to the public.

It is to be understood, however, in this connection, that the 25 per cent general increase in freight rates authorized by the Director General of Railroads is not, in the opinion of the Commission, applicable to or in effect on the lines of the Sumpter Valley Railway Company, and in permitting this tariff to become effective have not taken these rates into consideration.



In the matter of the application of **MRS. LUCY SAMLER** }  
 (J. G. Samler estate) for authority to increase rates. } No. U-F-218

(ORDER ENTERED JULY 2, 1918.—P. S. C. ORDER NO. 403)

On March 25, 1918, the above applicant filed an application with this Commission for authority to increase its rates for the furnishing of telephone switching service in the town of Yoncalla, Oregon.

The question at issue necessitated a valuation of the property involved, and an investigation for such purpose was carried on simultaneously with and as a part of this proceeding. As a result of such investigation, and from a full consideration of all the testimony and evidence submitted, the Commission finds that the present depreciated value, for rate making purposes, of the property of this utility used and useful in the service of the public in the furnishing of telephone switching service in the town of Yoncalla, Oregon, was on July 1, 1918, four hundred dollars (\$400.00).

This utility now furnishes switching service to 137 subscribers in the town of Yoncalla and the surrounding communities, 136 of whom pay a switching rate of \$3.00 per year, which produces an annual income of \$408.00. Applicant also furnishes switching service to the Southern Pacific Company at its depot in Yoncalla under special contract, for which it receives a compensation of \$12.00 per year. In addition to its revenue from switching service the applicant receives in commissions on toll business handled by it approximately \$3.00 per month or \$36.00 annually. This produces a total annual revenue from all sources of \$456.00. This amounts to approximately \$1.25 per day, which is insufficient to pay the salary of the operators, to say nothing of other operating expenses, maintenance, depreciation or interest on the investment.

This utility furnishes fourteen-hour service, and at the present minimum wage scale fixed by the Industrial Welfare Commission the salary of women operators would be \$19.80 per week, or \$2.83 per day.

From a full consideration of the entire record before it, the Commission finds that the present switching rates of the applicant are unjust, unreasonable and unjustly discriminatory.

It appears that under the \$5.00 switching rate applied for the revenues of the utility would, under present circumstances, be increased to \$728.00 per year. This revenue is not more than sufficient to meet operating expenses, maintenance, depreciation and interest on the investment, nor is the rate excessive for the service rendered, and such rate is hereby found to be just, reasonable and not unjustly discriminatory to be charged by the applicant in the future.

In addition to the equipment used by this utility in the furnishing of switching service, it owns about eighteen telephone instruments, which instruments have been rented to various parties obtaining switching service through its board. In the past the utility has been charging \$2.00 per year for the use of these phones. From the record it would appear to be the company's intention to cease to make this charge. While in this case the Commission has considered this transaction as a mere rental of telephone equipment and not as a part of its utility service, it would recommend and urge that in fairness to the utility and to its patrons some charge should be made for the use of this equipment.

Based upon the foregoing findings, and upon all the testimony and evidence received,

IT IS ORDERED, CONSIDERED AND DETERMINED that the applicant be and hereby is granted the right and privilege, from and after the effective date of this order, to make, charge, impose and collect the just, reasonable and not unjustly discriminatory rates as hereinbefore set forth.

In the matter of the application of the **CANBY COOPERATIVE TELEPHONE ASSOCIATION** }  
 party rates and to increase rental rates. } No. U-F-202

(ORDER ENTERED JULY 10, 1918.—P. S. C. ORDER NO. 405)

This is an application in which the Canby Cooperative Telephone Association, a corporation doing a general telephone business in Canby and tributary rural dis-

tricts, seeks authority to increase its subscriber rental rates from 65 cents per month with instruments furnished by the company to \$1.00 per month. Petition is also made for the establishment of the following party line rates to be charged in addition to and in excess of the foregoing monthly rental rate:

One party line .....	\$12.00 per year
Two party line .....	7.00 per year
Three party line .....	5.35 per year
Four party line .....	4.50 per year

\* \* \* \* \*

The capital stock of the company amounts to \$4,000.00, of which at the date of hearing about \$2,900.00 was issued and outstanding. No information is available from the record as to the amount or disposition of the proceeds from the sale of this stock. The company possessed no definite record of the exact amount of property operated by it, but from an investigation conducted by the Commission's engineering department, from information developed at the hearing, and from the sworn annual reports of the company, it appears that under normal conditions approximately \$7,500.00 would be required to reproduce a system of like kind in new and usable condition.

Owing to the lack of complete or coordinated records for all divisions of the utility, it is impossible to determine accurately the exact expense incurred in the operation and maintenance of the system as a unit. The reports of the company on file with the Commission indicate that the current expenditures are barely met by the revenue from the present rates. No fund or reserve is being accumulated to offset accruing depreciation and in many instances the system is undoubtedly badly affected by deferred maintenance, to meet which funds are not available.

The record disclosed the fact that the legally filed and effective rate of 65 cents per month for subscribers is imposed only on those patrons who are not stockholders in the corporation. Under this rate the company furnishes and maintains instruments and batteries. The remainder of the subscribers not served under this rate, and amounting to perhaps 80 per cent of the total connections, pay an annual switching fee of \$2.00, and, in addition thereto, whatever per capita assessment may be levied against them by the local administration in the particular division in which they receive service or by the board of the central corporation.

The drawing of such a distinction in charges imposed as between stockholders and others is specifically prohibited under the provisions of the Utility Act and has often been condemned as unfair in the orders of this Commission. The order hereafter entered in this case will be made to provide that each and every subscriber to a particular class of service, unless specifically excepted in the statutes, shall receive the same rate and privileges whether or not he is a member or stockholder of the corporation.

Heretofore all service, whether residence, business, party line or individual line, has been furnished for the same monthly rental rate. This practice is admittedly an unjustly discriminatory one and its correction is sought by the company in the application for the establishment of party line rates. The service of subscribers demanding limited party lines involves increased cost, both in fixed investment charges and operating expenses, which must be considered along with the greater value of such service as compared with that available upon unlimited party lines. The Commission in justice to all subscribers can not allow such a practice to be continued. This utility has in fact passed from the status of a mutual cooperative association to that of a public utility responsible for giving adequate and satisfactory service to the inhabitants of the territory in which it operates. A consistently standardized and compensatory schedule of rates must be made effective and maintained if the company is to be enabled to meet this responsibility with success.

In view of the conditions heretofore determined, the Commission is decided that the present rates of the company, namely, 65 cents per month for all non-stockholders and varying amounts for stockholders, are unreasonable and unjustly discriminatory both between individuals and classes of subscribers. The rates for which application was made, while not in excess of rates generally charged for such service under similar conditions in other communities throughout the state, are unjustly discriminatory as between classes of service, and in that regard should be modified.

Just, reasonable and not unjustly discriminatory rates for the Canby Cooperative Telephone Association to impose for its service are found to be as follows:

	Business	Residence
Individual line .....	\$2.50	\$1.75
Two party line .....	2.00	1.50
Four party line .....	1.75	1.25
More than four parties .....	1.50	1.00

These rates are for wall type equipment, include all switching charges and contemplate ownership and maintenance by the company of all instruments and batteries attached thereto. They shall be imposed alike upon stockholders and nonstockholders. Legitimate distinction between these two classes of patrons may not appear in the rates, but it is suggested that such adjustments as are necessary may be accomplished by the declaration of dividends to the stockholders in the various divisions after necessary expenditures for operation, maintenance and depreciation have been met.

The statutes governing the operation of public utilities in Oregon prohibit the giving of service at reduced rates to any person, firm or corporation in consideration of the furnishing by them of any part of the facilities incident thereto, including telephone instruments. It is provided, however, that the company may pay a reasonable rental for the use of such equipment owned by its subscribers, and, inasmuch as the patrons of this utility are the owners of many of the instruments now in use, it is necessary that there be prescribed such a reasonable rental to be paid by the company. Three dollars per year per instrument is considered a fair amount which shall be allowed any patron as compensation for the use of a privately owned instrument and maintenance by the subscriber of the batteries in connection therewith.

IT IS, THEREFORE, ORDERED that the applicant, the Canby Cooperative Telephone Association be and it hereby is authorized to discontinue its present rates, charges and practices for telephone service insofar as they conflict with those hereinbefore determined to be reasonable, and that in lieu thereof it substitute the rates, charges and practices found to be just, reasonable and not unjustly discriminatory.

In the matter of the application of the BANDON POWER COMPANY for authority to increase rates. } No. U-F-205

(ORDER ENTERED JUNE 24, 1918.—P. S. C. ORDER NO. 406)

This proceeding is before the Commission on the application of the Bandon Power Company originally filed on November 2, 1917, and amended May 23, 1918. The original application set forth the allegation that the revenues of the company were not sufficient wherewith to carry on the operations of the business and petitioned for such revisions and adjustments in the then existing rates as might be found necessary and reasonable. The amended application alleged the development of such an extensive increase in the unfavorable conditions as to demand a discontinuance of service during daylight hours in order that reasonable financial relief might become possible.

To reproduce the physical plant and organization of the applicant reasonably and useful for the service of the public in normal new and usable condition, without consideration of necessary working capital, would have required on December 31, 1917, the expenditure of approximately \$42,398.00.

By age, use and obsolescence, the property has depreciated in value below that indicated by normal new and usable condition by the amount of \$14,029.00, and the reproduction cost lessened by such depreciation was on the date above recorded \$28,369.00.

Upon a full consideration of the foregoing findings, the entire record of all relevant facts hereafter set down, the Commission finds that \$33,000.00 may be considered as a reasonable value upon which this utility, considered as a going concern and equipped with sufficient working capital to properly operate its business, might expect, under normal conditions, to earn a return.

From the record, the applicant's revenues and expenses resulting from utility operations appear to have been as shown upon the subjoined comparative income statement for fiscal periods since June 30, 1913. During only one year, that

ending June 30, 1914, did the company receive revenues commensurate with the amount which, under normal conditions, investors might be reasonably entitled to expect of properties of this nature. Analysis indicates that during the year ended June 30, 1914, great development was in prospect for the company's business. Natural causes, however, including a devastating fire in June of that year, the general business depression, and particularly heavy withdrawal of business and industrial activity from this territory, effectively cut short the life of this approaching prosperity. Conditions now seem to have reached low ebb, with no immediate prospects of material betterment. Since 1914 revenues have remained about stationary, with some gradual reduction, which was almost negligible in 1917. In contrast with an operating income of \$4,478.70 for the year ended June 30, 1914, the company's records for the calendar year 1917 show an operating loss of \$2,990.76. Operating expenses have been forced to a minimum consistent with the giving of reasonable service. Fuel expense now constitutes over 50 per cent of the total yearly expenditures.

Especial attention is directed to the fact that the revenue available is not sufficient to provide an allowance for depreciation after current operating expenses have been met. The company's estimate of yearly depreciation accrual is based upon certain anticipated life estimates which appear to us to be somewhat in excess of normal and to require revision, in view of the experience of this utility and that of others. An annual allowance of \$1,850.00, with such interest accruals as might reasonably be obtained thereon, should be, for the capital installed as of January 1, 1918, amply sufficient to preserve the integrity of the investment reasonably required to furnish service to the public in this instance.

This adjustment applied to operations for 1917 produces the following income statement:

Operating revenues .....	\$12,829.16
Operating expenses .....	14,021.25
Net operating loss .....	\$ 1,192.09
Taxes .....	\$ 733.51
Uncollectible operating revenue .....	64.60
Operating loss .....	\$ 2,000.20

The financial results obtained in 1917 can hardly be accepted as a normal indication of future operations. In comparing the revenues for the first five months of 1918 with the corresponding period in the preceding year, there appears to be in prospect a considerable decrease in annual operating revenues due to more or less permanent disconnection of business and to the effect of the operation of the "daylight saving" schedule of working hours. The cost of operation has at the same time since 1917 advanced materially. Increase of 50 cents per cord for the hauling of fuel has alone subjected the expense to an increase of perhaps as much as \$1,500.00 per year. This is on the assumption that the plant will continue to operate with present equipment and burn spruce slabwood. The mill from which fuel is now purchased is prepared to cut nothing but spruce in large quantities, and more satisfactory wood will probably not be available. The price of this fuel is \$1.00 per cord at the mill, and the cost of hauling is \$2.00 per cord. Experiment has shown that, on account of the scarcity and high cost of labor, fuel obtainable directly from the woods can not compete with the mill supply. All attempts to burn other types of fuel or to obtain wood from other sources have so far proved financially impracticable.

A combination of decreased revenues and increased expenses, including the cost of fuel and the impending necessity of raising the wages of operating labor \$30.00 per month in order that reliable help may be retained, makes it appear that for the coming year the operating loss of the utility may be from \$2,500.00 to \$3,000.00 greater than in 1917.

The operation of this property is under an extreme disadvantage on account of the size and location of the plant. At a time when commercial conditions and the business prospects of the community appear to have warranted the action, this company reconstructed its generating equipment to supply the then apparent demand and installed a plant of sufficient capacity at a point about two miles from the center of distribution and adjoining a sawmill from which fuel was easily obtainable at reasonable cost and without necessity for transportation. Due to unforeseen conditions, the mill ceased its operations shortly

after the reconstruction had been finished and the shutdown retains the aspect of being in every way permanent insofar as the operations of this utility are concerned.

The predicament was one which might naturally occur even with the exercise of reasonable foresight on the part of the utility's officials, and in our opinion should not be considered as a severe reflection upon the management of the company.

At the time of installation the capacity of the production equipment was well taken up by the load available for it and did not exceed the requirements of the market. Commercial and industrial activity in this community since 1914 has reverted to such an extent that the market now available for electric energy would not justify the construction and operation of a generating plant in such a location and of such capacity as that now installed. The equipment with a rated capacity of approximately 235 k. w., is operating to supply a maximum load of less than 50 per cent of that amount. Efficient and financially successful operation can not be obtained from this equipment if as is indicated the industrial and commercial prospects continue for any considerable time in such an unfavorable condition as they now are. The practical solution of this difficulty, assuming that the present situation will continue as normal for some time and that future growth will be gradual, is the construction and operation of a smaller generating unit nearer the center of distribution and more centralized with respect to the fuel supply. The proposition has already been investigated and for some time the representatives of the company were engaged in negotiating for equipment for this purpose.

The applicant can not expect its customers or the public to bear the entire burden of financial pressure arising from the conditions heretofore discussed. The project was developed on the foundation of an apparent commercial and industrial growth and would have been profitable had the favorable conditions continued. They did not continue. The prospective growth was short lived and accompanied by severe reaction resulting in a situation that now appears somewhat stable and permanent. The owners of the property now hold a development poorly designed for prospective demands and proportionately excessive in cost of operation on account of its size and location.

The underlying cause of the present unfavorable condition of this company's finances has been discussed. There is, however, a serious and abnormal effect now evident as a direct result of war activities in this country. Increased cost of labor and materials so beset the utility that its finances are at present in such shape as to retard effective action toward the completion of the plan heretofore suggested as the best possible solution of the problem before it. The owners of the property must bear their proportionate share of the burdens directly attendant upon war activities, and it is our opinion that the provisions of temporary relief by one of the methods submitted by the company will lay no unfair burden upon either the utility or the users of its service. It must be borne in mind that the relief granted will be of a temporary nature subject to withdrawal or to readjustment at such time as applicant has had ample opportunity to increase the efficiency of its operations by conforming its equipment more closely to the fairly prospective demands it may be expected to encounter.

The power company has asked to be relieved from the necessity of giving service during the daylight hours and in support of the application the record shows that from an average expenditure for fuel and labor of roughly \$400.00 per month, chargeable entirely to that service, an average monthly revenue of \$175.00 is obtained. This operation results in a loss of \$2,700.00 per year as nearly as the amount can be directly computed without involved consideration of theoretical detail. The exact monetary result of an adjustment of service to cover only the hours from dusk to dawn is uncertain.

In considering such a reduction of service we have before us the fact that the arrangement under normal conditions can be only a temporary one inasmuch as there is now a demand for power service which should grow, at least gradually, and which we think, if the company is able to accomplish the idea of reconstruction, can very probably be met with profit. To allow a discontinuance of service will practically confiscate a considerable amount of equipment now installed and in use by the consumers of both power and lighting services. In addition, such action would materially retard whatever potential possibility there may be for the development of a more extensive market and destroy the value of work already done in the development of existing power and appliance business. The Commission believes this highly undesirable in view of its prob-

able detrimental effect upon the town and its citizens through certain unfavorable reflection upon the commercial and industrial activities and possibilities of the community. It has, therefore, been found unreasonable for the present at least to discontinue service during daylight hours and a temporary general increase and revision of rates has been decided upon. It is our opinion that such an increase applied temporarily will not impose unjustly upon the customers and will arrest the mounting deficit of the utility and allow it to proceed upon the plan already outlined.

In view of all the facts surrounding this proceeding as indicated by the record and the knowledge we now have of the local conditions affecting the applicant's business, the present rates insofar as they may differ from those hereafter appearing are found to be unreasonable and unjustly discriminatory. Just, reasonable and not unjustly discriminatory rates for the applicant to charge for its service upon the premises heretofore determined are as follow:

#### RESIDENCE LIGHTING

First six kilowatt hours or less used per month.....	\$1.25
Next 14 kilowatt hours used per month .....	.15 per k. w. hour
Next 30 kilowatt hours used per month .....	.12 per k. w. hour
Over 50 kilowatt hours used per month .....	.10 per k. w. hour
Minimum monthly charge, \$1.25.	

#### COMMERCIAL LIGHTING

**Primary Rate:** To apply to first 30 k. w. hours used per month per kilowatt of active load:

First 6 kilowatt hours or less .....	\$1.25
Next 19 kilowatt hours .....	.15 per k. w. hour
Next 25 kilowatt hours .....	.12 per k. w. hour
Over 50 kilowatt hours .....	.10 per k. w. hour

**Secondary rate:** To apply to monthly consumption in excess of that at primary rate:

First 100 kilowatt hours .....	\$0.10 per k. w. hour
Over 100 kilowatt hours .....	.08 per k. w. hour

#### Minimum Charge—

First 500 watts or less of active load .....	\$1.25 per month
Each additional 100 watts .....	.15 per month

**Active Load:** The active load of all commercial lighting installations will be determined as follows:

#### 33 1/3 Per Cent of the Connected Load of—

Churches.

Basements, galleries and other rooms used only for storage in stores.

Factories, warehouses, docks and barns, except offices and general work rooms.

Schools and academies other than business colleges or night schools.

#### 50 Per Cent of the Connected Load of—

Bedrooms in lodging houses, hospitals and hotels.

#### 100 Per Cent of the Connected Load of—

Stores, except basements, galleries and rooms used only for storage.

Lodging houses, hospitals and hotels, except bedrooms and rooms used only for storage.

Offices and general work rooms in factories, warehouses, docks and barns.

Business colleges and night schools.

Lodge halls, dance halls and miscellaneous places of amusement.

All other services.

No connected load will be considered as less than 500 watts.

#### POWER RATE

**Primary Rate:** To apply to first 50 k. w. hours used per month per horsepower of demand (or first sixty hours used per month per kilowatt of demand):

First 150 kilowatt hours .....	\$0.10 per k. w. hour
Next 150 kilowatt hours .....	.08 per k. w. hour
Over 300 kilowatt hours .....	.06 per k. w. hour

**Secondary Rate:** To apply to monthly consumption in excess of that under the primary rate:

First 500 kilowatt hours .....\$0.06 per k. w. hour  
Over 500 kilowatt hours ..... .05 per k. w. hour

**Minimum Charges—**

First 2 horsepower of demand .....\$2.00 per h. p.  
Over 2 horsepower of demand ..... 1.50 per h. p.

No minimum for three phase power less than \$3.00 per month.

**Demand:** Demand of power installation will be considered as 100 per cent of the connected load of installations up to and including an aggregate rated capacity of ten horsepower.

If occasion demands additional rules may be filed with the Public Service Commission for installations of large capacity whose demand does not correspond with the connected capacity of the equipment.

These rates have been constructed for application for the present business of the applicant and are to be considered only as maximum rates. Conditions may arise to compel revision for the purpose of obtaining other business of some particular character or magnitude. Nothing in the order hereafter entered shall be construed as preventing the utility from reducing or modifying these rates from time to time if occasion demands; provided, always, that no unjust discrimination is introduced between individual consumers or classes of consumers, and that proper tariffs are filed with the Commission ten days prior to their effective date.

In consideration of these findings and all facts pertinent to a fair determination of this case,

IT IS NOW ORDERED that for a period of one year from and after the effective date hereof the Bandon Power Company be and hereby is given the right and privilege of discontinuing its present rates and charges insofar as they conflict with those hereinbefore found reasonable, and to charge and impose in lieu thereof the rates, charges and regulations so found.

AND IT IS FURTHER ORDERED that the Bandon Power Company shall report to the Commission at the end of every month or as soon thereafter as its record shall have been completed, the amount of receipts and expenditures for that month according to the classification provided for such records, and the applicant shall within the period of one year herein allowed continue a careful attempt to provide more effective facilities on the plan hereinbefore outlined, and shall report at the same intervals as above prescribed whatever results it may be able, to accomplish therein.

AND IT IS FURTHER ORDERED that if within fifteen days before the expiration of the one year period herein allowed, the applicant has or has not been able to complete such satisfactory arrangements for equipment and other matters as are necessary for the accomplishment of the reconstruction it has already undertaken, the applicant shall apply to the Commission for an extension of the time limit set on the relief herein granted, or for such other disposition of the case as conditions may then warrant. If such application is not so made or if just cause for such extension or modification is not shown, the Commission will upon its own motion restore the rates now in effect, with such modifications as may be necessary to eliminate unjust discriminations.

In the matter of the application of the FALLS CITY ELECTRIC LIGHT AND POWER COMPANY for authority to increase rates. } No. U-F-211

(ORDER ENTERED JULY 11, 1918.—P. S. C. ORDER NO. 407)

This proceeding was brought on application of the Falls City Electric Light and Power Company, dated January 22, 1918, to increase its rates on electric service furnished in and about the town of Falls City, Oregon.

The application to increase rates was based on the following grounds:

- (a) The present rates are discriminatory, unreasonable and unjust and do not meet present lamp ratings.
- (b) Owing to low water in the Little Luckiamute river during summer months, it is necessary to maintain other power equipment at added expense.
- (c) Prices of labor and material have materially increased.
- (d) The existing rates are such that the business must be operated at a loss.

The accounting and other records of the company are meager and incomplete, and it is impossible to determine the original or actual cost of the greater part of the property. In order to reproduce the present property in normal serviceable condition, making due allowance for reasonable overhead expenses, it would require the expenditure of \$13,819.00. To this must be added material and supplies, \$200.00, and cash working capital, \$300.00, reasonably required. This is exclusive of \$3,897.00, estimated cost of property employed in other service than electric. The accrued depreciation on property devoted to public service is estimated at \$5,021.00, leaving the present value of the system as \$9,298, after making due allowance for reasonable overhead items and the above \$500.00 working capital. The Commission has also taken into consideration expenditures necessary to develop the business of the utility to its present extent.

Based upon the foregoing determinations, and from a consideration of the testimony submitted and proofs offered, the Commission finds that the value of the property owned by the Falls City Electric Light and Power Company and devoted to the service of the public was, for rate making purposes, on June 7, 1918, the sum of \$8,798.00, to which must be added the \$500.00 working capital in cash or credit as outlined before.

A requirement of the law in each case specifies that a depreciation annuity shall be prescribed by the Commission, and it is found that after a full consideration of the various factors and contingencies an annual depreciation allowance of \$750.00 is necessary for the replacement of the equipment of this utility at the expiration of its service life. This allowance will be made, and such sum shall be set aside and charged annually to the operating expense account "Depreciation of Plant and Equipment," and credited to the account "Reserve for Accrued Depreciation," and such moneys as may be available therefor shall be expended in the manner contemplated by Section 17 of Chapter 279 of the General Laws of Oregon for the year 1911.

In view of the foregoing, and giving full consideration to all matters disclosed at the hearing, the Commission finds that the present rates charged by the Falls City Electric Light and Power Company for electric service furnished in the town of Falls City (with the exception of the municipal lighting rate), are unjust, unreasonable and unjustly discriminatory, and that the following are just, reasonable and not unjustly discriminatory rates to be charged in lieu thereof:

#### RESIDENCE LIGHTING

##### *Metered Rates—*

First 15 kilowatt hours per month .....	\$0.12 per k. w. hour
Next 15 kilowatt hours per month .....	.10 per k. w. hour
All over 30 kilowatt hours per month .....	.06 per k. w. hour

##### *Flat Rates—*

First 50 watts connected load .....	1½c per watt per month
Next 50 watts connected load .....	1c per watt per month
All over 100 watts connected load .....	¾c per watt per month

The above rates to include small household motors, irons, heating and cooking utensils.

#### COMMERCIAL

##### *Metered Rates—*

First 25 kilowatt hours per month per kilowatt connected load..	\$0.12 per k. w. hour
Next 25 kilowatt hours per month per kilowatt connected load..	.10 per k. w. hour
All over 50 kilowatt hours per month per k. w. connected load..	.06 per k. w. hour

##### *Flat Rates—*

First 80 watts connected load .....	1½c per watt per month
Next 100 watts connected load .....	1c per watt per month
All over 180 watts .....	¾c per watt per month

Discount 5 per cent for payment within ten days after date of bill.

Minimum monthly charge, \$1.00.

##### *Moving Picture Theaters—*

Building lighting at lighting rates.

D. C. service .....	\$1.00 per afternoon served
D. C. service .....	.75c per evening served

Consumers now on flat basis may have meters installed upon application to the company, except that the company shall not be required to install meters to exceed in number 20 per cent of its average total number of connected customers during any one year; and the company shall have the option of metering any consumer in order to obviate improper use of the service.



In the matter of the adoption of rules and regulations governing applications for franchise to build dams, booms, drive and catch logs and timber products under the provisions of Chapter 128, General Laws of Oregon for 1917. } No. L-F-7

(ORDER ENTERED JULY 15, 1918.—P. S. C. ORDER NO. 408)

The following rules and regulations governing the manner in which applications shall be made for franchise to build dams and booms and to drive and catch logs and timber products under the provisions of Chapter 128, General Laws of Oregon for 1917, are hereby adopted and prescribed by the Public Service Commission of Oregon:

**Rule I**

Applicants for franchise must conform to the following requirements:

(a) Original application and two copies thereof must be filed with the Commission.

(b) Attached to the original application and to the copies must be a map, showing: (1) the streams or portions of streams on which a franchise is asked; (2) the location of existing booms, dams or other improvements, if any; (3) the location of any and all contemplated improvements; (4) the particular portions of the stream or parts of stream sought to be improved.

**Rule II**

At the time of filing the application there shall also be filed with the Commission a certified copy of the articles of incorporation of the applicant.

**Rule III**

The application shall set forth substantially the following matters:

(a) The approximate assets of the applicant company over and above all debts and liabilities.

(b) The approximate amount of timber or timber products which would be benefited by the granting of the franchise.

(c) A definite description of the streams or portions of streams on which a franchise is asked.

(d) The streams or portions of streams navigable for commercial purposes: the streams or portions of streams which are in their natural condition navigable for floating logs or other timber products; and the streams or portions of streams which are not in their natural condition navigable for floating logs or other timber products, but which may, by improvements, be made navigable for such purposes.

(e) Where streams or portions of streams are not navigable for commercial purposes and are claimed by applicant to be navigable for floating logs or other timber products the extent of such use in the past must be shown. In the event no such use has been made in the past, applicant must set forth a reason why it considers such stream or portions of stream navigable for floating logs or other timber products.

(f) The location of all existing booms, dams and other improvements on the streams or portions of streams described in the application, and, when known, the name and address of the owner thereof must be shown.

(g) The nature, kind, character, location and approximate cost of the contemplated improvements must be shown.

(h) If the applicant has been operating on any of the streams or portions of streams, the duration of such operation and the kind and character of service it has been performing, and also the names and addresses, if known, of each and every other individual, firm, association or company now operating or which has within six months prior to the filing of the application operated on any stream or portion of stream described in the application, and the kind and character of service performed by each of such individuals, firms, associations or corporations, must be specifically alleged.

(i) Where any kind of dams are contemplated, the probable effect thereof on abutting property and the times or seasons for the use of splash dams must be shown.

**Rule IV**

The notice required by Section 2, Chapter 128, Laws of 1917, for posting and publishing, will be furnished the applicant by the Commission and will be directed to every individual, firm, association or corporation shown by the application to be the owner of or operating any dam or boom on such stream or portions thereof, and to all to whom it may concern.

Such notice must be published for at least four consecutive weeks in at least one newspaper published in the county where such streams or parts thereof are situated. The publication of such notice must be completed at least ten (10) days before the date set for the hearing (where the notice is published four (4)

weeks the date of the first publication must be at least thirty-nine days before the date of the hearing). The notice should also specify the number of times it is being published. This notice must also be posted in at least six (6) public and conspicuous places along the course of the stream sought to be improved, for the same length of time as is required for publication.

Proof of publication and proof of posting of notice must be filed with the Commission at least ten (10) days before the date set for the hearing of the application. Proof of posting must be shown by affidavit of the party posting notice, and proof of publication must be made by the affidavit of the printer or publisher of the newspaper (care should be taken to have the affidavit made by the printer or publisher of the newspaper. Affidavits by foreman or principal clerk of the printer will not be sufficient).

It is also advisable to serve each and all individuals, firms, associations or corporations owning or operating any dam or boom, personally when possible, otherwise where addresses are known, to mail copies of the notice as published. The applicant should check over the notice furnished by the Commission and ascertain if it is sufficient both as to form and substance, and if applicant considers the notice in any way insufficient the matter should be taken up immediately with the Commission.

#### Rule V

Where the Commission is of the opinion that the financial condition of the applicant is such that, in the performance of its duties as a public service corporation, it will be unable to respond in damages for injury to abutting property or for any injury or loss suffered by any individual, firm, association or corporation, an indemnity bond in which the surety is an accredited surety company, in an amount to be fixed by the Commission, will be required before franchise is granted. Such bond shall be furnished and filed with the Commission and shall be so conditioned that any individual, firm, association or corporation suffering any loss or damage, either to itself or property, by said applicant company, may bring suit or action against the principal and surety or sureties on such bond for the damage so suffered, and shall be further conditioned that the surety or sureties of said bond shall be liable in the same manner and to the same extent as the applicant company.

The rules adopted by this Commission August 20, 1917, P. S. C. Or. No. 238, are hereby superseded so far as such rules may be inconsistent herewith.

In the matter of the application of the AMERICAN RAIL- }  
WAY EXPRESS COMPANY for authority to increase rates. } No. F-763

(ORDER ENTERED JULY 30, 1918.—P. S. C. ORDER NO. 412)

Under date of July 3, 1918, there was filed with this Commission by the American Railway Express Company, into which the Wells Fargo & Company, American Express Company, Great Northern Express Company, Northern Express Company and other various express companies have been merged, an application for permission to advance all existing express commodity rates on file with this Commission, applying on shipments between points within the State of Oregon, and requesting a modification of orders heretofore issued by this Commission in Cases F-282, F-458 and F-506, as to the commodity rates covered thereby. This application requests that horizontal increase of 10 per cent be allowed in these rates.

At the hearing herein very little testimony or evidence was presented by the express company in support of its application and only one witness, its superintendent, was called on its behalf. A few general statements were made as to the increased cost of labor, material and supplies, and equipment used by the express company in the carrying on of its business, with which fact everyone is familiar and which need not be discussed in detail here. However, no authentic data were presented to show the effect of these increased costs upon the revenues of the applicant. Some general figures covering the past operations of the various companies comprising the new organization were submitted. These figures, however, were copied from newspaper reports and other publications, and their correctness was not established.

Assuming that these figures were authentic and reliable, they are not sufficiently extensive to enable the Commission to pass intelligently upon the question now before it. No attempt whatever has been made by the applicant to segregate

the earnings and expenses properly assignable to Oregon intrastate operations but such figures as were presented relate to the operations of the respective companies throughout their entire field of operation.

It is a well known fact that the conditions surrounding the operations of the express companies, and the railroads as well, in the Western States and particularly the Pacific Northwest, are not analogous to the situation encountered in the East, where the unusual conditions resulting from the war have been much more severely felt in transportation circles. In view of this fact the Commission does not feel competent to pass upon the question at issue until authentic data covering the Oregon intrastate operations of the applicant have been presented.

It may also be mentioned in this connection that some economies may be expected to result from the recent merger of the various express companies, the extent of which, if any, we are unable to determine at this time, no definite facts having been presented concerning this matter. It may be possible that economies resulting from this merger will be sufficient to offset any increase in operating costs that may have been felt in this territory.

The Commission may also reiterate its thought that this express company and all other public utilities should be required to bear their just portion of the unusual burden resulting from the present war conditions and that these utilities must not expect, nor will this Commission permit, the entire burden to be passed on to the patrons or ratepayers.

Briefly reviewing, the express companies doing business in Oregon merged; certain economies, such as the consolidation of offices and equipment and the elimination of duplicate service must of necessity follow, and this Commission believes that the shippers of Oregon are entitled to have all the facts fully presented, together with a statement showing the effect, if any, upon the increased expense of operation. Upon the presentation of these matters before the Commission the applicant company confined its efforts to general statements, and no supporting data of importance were introduced. The burden of proof is upon the applicant, and, it appearing from the record that said applicant has not sustained its case and that the increased rates have not been justified, the Commission finds that the application herein must be denied.

IT IS, THEREFORE, ORDERED that the application herein be and it hereby is denied.

In the matter of the application of the FALLS CITY ELECTRIC LIGHT AND POWER COMPANY for authority to increase rates. } No. U-F-211

(SUPPLEMENTAL ORDER ENTERED JULY 30, 1918.—P. S. C. ORDER NO. 414)

Under date of July 27, 1918, the Falls City Electric Light and Power Company filed application with this Commission for a modification of P. S. C. Or. Order No. 407, effective August 1, 1918, whereby the rate for afternoon direct current service for moving picture theaters shall be established at \$1.00 per hour per afternoon served instead of the rate of \$1.00 per afternoon provided in said order.

Applicant sets forth as its reasons for desiring this change that there is but one consumer of this class in Falls City; that the rendering of this service necessitates the labor of one man the greater part of each afternoon so served, there being no other daylight service; and that during low water periods applicant must operate at added expense other power equipment solely for generating energy for this purpose.

The Commission, having investigated the merits of this application, now finds that the enforcement of the rate provided in said Order No. 407 specifically applying to afternoon D. C. service for moving picture theaters would be unfair to applicant and unjustly discriminatory toward the public in that expenses incident to this service would be largely imposed upon other consumers of the utility than those directly benefited.

Based upon the foregoing and in view of the special conditions surrounding the rendition of the class of service under consideration,

IT IS HEREBY ORDERED AND CONSIDERED that that portion only of P. S. C. Or. Order No. 407 providing for a charge of \$1.00 per afternoon served for D. C. service for moving picture theaters be and hereby is rescinded and that in lieu thereof the rate of \$1.00 per hour per afternoon served be and hereby is substituted.

In the matter of the investigation and suspension of advances in rates by the OREGON-WASHINGTON RAILROAD } No. F-744  
AND NAVIGATION COMPANY for the weighing of cars. }

(ORDER ENTERED AUGUST 5, 1918.—P. S. C. ORDER NO. 418)

It appearing that by an order dated the 7th day of March, 1918, this Commission entered upon an investigation concerning the propriety of certain regulations and practices affecting rates and charges for the weighing of cars, contained in Item 39 of Supplement No. 15 to O.-W. R. & N. Tariff No. 6-C, P. S. C. Or. No. 494, and suspended the operation of said regulations and practices pending investigation and decision thereon, further suspension having also been made by order under date of June 6, 1918; and

It appearing that hearing and investigation was held herein at the office of the Commission at 252 Courthouse, Portland, Oregon, on Tuesday, the 30th day of July, 1918, at the hour of 10 o'clock a. m., respondent appearing by Blaine Hallock, one of its attorneys; and

It appearing from the record that the respondent Oregon-Washington Railroad and Navigation Company has not justified the increased rate under suspension and consideration, and that such rate should be permanently suspended,

IT IS ORDERED that the operation of the regulations and practices affecting rates and charges for the weighing of cars, contained in Item 39 of Supplement No. 15 to O.-W. R. & N. Tariff No. 6-C, P. S. C. Or. No. 494, be and they hereby are permanently suspended.

In the matter of the application of the LEBANON MUTUAL } No. U-F-224  
TELEPHONE COMPANY for authority to increase rates. }

(ORDER ENTERED AUGUST 29, 1918.—P. S. C. ORDER NO. 423)

This application was presented to the Commission on May 6, 1918, and after due notice was fully heard and submitted at the City Hall, Lebanon, Oregon, on the 23d day of July, 1918.

\* \* \*

#### RATES PROPOSED BY COMPANY

	Desk set per month	Wall set per month
<i>Business Service—</i>		
One party line .....	\$2.75	\$2.50
Two party line .....	2.25	2.00
Four party line .....	1.75	1.50
Extensions .....	1.25	1.00
<i>Residence Service—</i>		
One party line .....	2.25	2.00
Two party line .....	1.75	1.50
Four party line .....	1.50	1.25
Ten party line .....	1.25	1.00
Extensions .....	.75	.50
<i>Service to Lodges—</i>		
One party line .....	2.25	2.00
<i>Suburban Service—</i>		
Lines owned by utility .....		1.00
Extension bells, ordinary .....		.25
Extension bells, loud ringing .....		.50
		<i>Per year</i>
Farmer line switching—Payable semiannually in advance in January and July, with a discount of 50 cents per annum if paid during same months .....		5.00

Farmer lines to consist of not less than six subscribers with minimum payment for this service made on that basis.

No provision to be made for ownership of telephone instruments by the subscriber.

This proposed schedule makes no very material increases in the rates now filed, the principal features being the establishment of a 25 cents per month additional charge for desk type instruments; an increase of 25 cents per month in the two party business service rate; and an increase in the net rate for farmer line switching service of 7½ cents per month.

In support of its request the applicant alleges that the present cost of operation, owing to advance in price of all materials and supplies, increased wages of employees and shorter hours during which employees may be engaged, is greatly in excess of that at the time the present rates were placed in effect, and that the present rates have not been sufficient to provide a reserve for depreciation or to pay a dividend to the stockholders.

The reproduction cost of the property in new and usable condition under normal circumstances, such as might have been encountered in its construction, we find from the record to have been July 1, 1918, the sum of \$17,600.00, including allowance for necessary working capital to properly carry on the business and a consideration of the property as a going concern. This value, less the amount of depreciation accrued from age, use, obsolescence and inadequacy, amounted on that date to \$14,750.00.

For the year ended June 30, 1918, the revenue of the company obtained under the present rates from seventy-one city business, 225 residence and 500 farmer subscribers was \$5,737.43. The commissions on long distance business amounted to \$814.28. Revenue from labor sold amounted to \$9.50, the total revenue charged during the year being \$6,561.21. Expenses during the period above noted were as follows:

General office, salaries (manager and secretary).....	\$2,100.00
Operators' wages .....	1,892.00
Repairs and maintenance .....	804.88
Other traffic expenses .....	176.68
Other general expenses .....	1,268.52
Taxes .....	177.76
Interest on outstanding indebtedness .....	186.34

Included in these amounts is \$275.00 disclosed as a portion of fee paid to an engineer for an evaluation of the property. This amount may be considered as an abnormal expense and not liable to recur. On the other hand, it is apparent that such a reduction will be offset during the coming months by materially increased cost of operation due to the necessity for payment of higher wages to operators and other labor.

There must also be considered as an actual expense not heretofore met by the company the accruing depreciation upon the property. Conditions surrounding this particular case indicate that there should be reserved annually approximately \$900.00 to insure protection for the investment already made, and also maintenance of the system in condition to render adequate service. Such a sum should be reserved yearly and expended as contemplated by the Public Utility Law of this state. Some expenditure for this purpose has undoubtedly been in the past charged against operations in the current expense accounts, but such charges can not be considered as sufficient to meet the ultimate necessity for reconstruction and replacement of the existing equipment.

With the necessary adjustments made for these items and for such increases as are to be expected in revenues from both local exchange and long distance business, it appears that revenue obtainable from present rates and patronage will not be sufficient to properly operate the business and maintain the system even with no consideration being given to the payment of dividends.

Upon the basis of the foregoing findings the present rates of the Lebanon Mutual Telephone Company are found to be unreasonable insofar as they conflict with those hereinafter determined as reasonable for the service of the company.

The rates proposed by the company will not, under the conditions to be met in the near future, produce revenue in excess of that required to fairly meet reasonable and necessary expenses, taxes, depreciation and fixed charges. Any return available for dividends will be necessarily small and not such as investors in such projects might be reasonably entitled to expect. In view of these circumstances the rates proposed by the company, modified to provide extension desk telephones for business service at \$1.00 per month and loud ringing extension bells at 35 cents per month, inasmuch as they produce no unfair discrimination between individual subscribers or classes of subscribers and compare favorably with the rates for like service in other communities similarly situated, are not unreasonable.

The proposal of the company to eliminate the rental allowance to subscribers owning their own instruments the Commission believes is a practical step toward the establishment of standard and efficient service, and it will be authorized upon condition that the company in every case where an instrument in use upon its lines is owned by the subscriber, shall purchase the instrument at a fair price to be determined by a consideration of the type of instrument, its physical and service condition, and its adaptation to use in the service to be given by the company.

Upon consideration of the foregoing findings, the entire record and all facts pertinent to this proceeding,

IT IS, THEREFORE, ORDERED that the Lebanon Mutual Telephone Company be and the same hereby is authorized to discontinue its present rates and practices hereinbefore found to be unreasonable, and to substitute in lieu thereof under the conditions and with the modifications hereinbefore defined, the rates and practices submitted in its application.

AND IT IS FURTHER ORDERED that immediately upon its acceptance of the provisions hereof the Lebanon Mutual Telephone Company shall file, according to law and the rules of this Commission, a tariff or tariffs setting forth the rates, rules and regulations to be established and maintained for its service.

A reasonable date for this order to become effective is September 1, 1918.

In the matter of the investigation and suspension of advances in rates by the PORTLAND RAILWAY, LIGHT AND POWER COMPANY. } No. F-755½

(ORDER ENTERED SEPTEMBER 9, 1918.—P. S. C. ORDER NO. 426)

This is a proceeding upon the Commission's own motion concerning the propriety of certain increases in the rates and charges for the transportation of freight between points on the line of railway of the Portland Railway, Light and Power Company.

On the 6th day of July, 1918, there was filed with this Commission by the Portland Railway, Light and Power Company, to become effective July 17, 1918, supplements to tariffs containing new individual regulations and practices affecting rates and charges, such supplements being designated as follow:

- 122. "Supplement No. 8 to P. R., L. & P. Co. Tariff No. F-100, P. S. C. Or. No.
- 135. "Supplement No. 6 to P. R., L. & P. Co. Tariff No. F-109, P. S. C. Or. No.
- 136. "Supplement No. 8 to P. R., L. & P. Co. Tariff No. F-127, P. S. C. Or. No.
- 137. "Supplement No. 10 to P. R., L. & P. Co. Tariff No. F-128, P. S. C. Or. No.

It appearing that such supplements to tariffs made certain increases in rates, and the propriety of the advance being in question, an order was entered by the Commission suspending the operation of the advanced rates pending investigation. After due and legal notice to the public and to the carrier, hearing has been held and testimony taken hereon.

**Appearances:**

For the respondent, Portland Railway, Light and Power Company,: R. A. Leiter, its attorney.

For City of Portland: Edward M. Cousin, traffic examiner.

It appearing from the record that the rates under suspension are no greater than those charged on like commodities by the Oregon-Washington Railroad and Navigation Company, the Southern Pacific Company and Oregon Electric Railway Company where they operate in the same or contiguous territory; and it further appearing that the rates now charged by the respondent on the commodities affected by the increased rates are not remunerative, the Commission is of the opinion and finds that the increased rates covered by the supplements to tariffs under suspension have been justified.

IT IS, THEREFORE, ORDERED that the order of suspension heretofore entered herein be and the same hereby is vacated, and that the rates suspended may become effective upon the filing of an amendment to the schedules reinstating them, upon one day's notice to the Commission and to the public.

In the matter of the application of the CLACKAMAS COUNTY DRIVING AND RAFTING COMPANY for a franchise to drive, catch, sort, boom, raft and hold logs, lumber and other timber products, under Chapter 128 of the Laws of Oregon for 1917, on Butte and Coal creeks, Clackamas county, Oregon. } No. L-F-13

(ORDER ENTERED SEPTEMBER 9, 1918.—P. S. C. ORDER NO. 428)

It appears to the Commission that on June 17, 1918, pursuant to due and regular hearing had and held, an order was issued in the above entitled matter by the terms and provisions of which the applicant was granted a franchise to drive, catch, sort, boom, raft and hold logs, lumber and other timber products on the waters of Butte and Coal creeks in Clackamas county, Oregon:

That among other things said order and franchise contained the following provision:

"Provided, further, that this franchise is granted upon the condition that the Clackamas County Driving and Rafting Company shall, within thirty days from the receipt of a copy of this order, file its acceptance of the terms hereof, and within sixty days from the receipt of a copy of this order, prove to the satisfaction of the Commission its good faith and financial ability to perform the work contemplated."

That sixty days has expired since the service of said order and franchise upon said applicant and that said applicant has not complied with either of the conditions of said franchise above set out, but has notified this Commission of the intention of the applicant to abandon this project and to waive its rights to the benefits thereof,

IT IS, THEREFORE, ORDERED that said order and franchise of date of June 17, 1918, be and the same is hereby revoked, rescinded, set aside and held for naught, and any and all rights and privileges granted and inuring to said applicant under the terms of said franchise be and are hereby canceled and forfeited.

In the matter of the application of the SIUSLAW BOOM COMPANY for a franchise for floating, driving, catching, booming, sorting, rafting, holding and handling logs and other timber products on the Siuslaw river and its tributaries in Lane county, Oregon. } No. L-F-2

(ORDER ENTERED SEPTEMBER 9, 1918.—P. S. C. ORDER NO. 429)

This matter came regularly on for hearing pursuant to due notice, at Eugene, Oregon, on the 19th day of August, 1918, at 1:30 o'clock p. m., upon the application of the Siuslaw Boom Company for a modification of the order of this Commission heretofore entered herein on the 15th day of June, 1918.

## I

It appears to the Commission that applicant desires a modification of the order heretofore entered in this matter on June 15, 1918, by eliminating and striking from said order the following provision: "provided, however, that the granting of this franchise shall not be construed to the prejudice of any individuals desiring to use said streams for any of their practicable purposes, solely for their use, insofar as such use shall not injuriously interfere with the operations of the franchise holder; and provided further that a reasonable toll shall be paid for the use of any improvements made or facilities furnished by the franchise holder;" and it further appearing that such modification so requested will not, if granted, interfere with, nor infringe upon, the substantial rights of the public, and no objections having been made or filed to such petition for modification.

## II

IT IS, THEREFORE, ORDERED that said application for modification be and the same is hereby granted and said order so entered on June 15, 1918, in

the above entitled matter and known and designated as P. S. C. Or. Order No. 394, be and it is hereby amended to the extent that the paragraph commencing with the words "now, therefore," and ending with the words "or injuriously affected," on page 6 of said order shall read as follows, to wit:

## III

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Sluslaw Boom Company a franchise for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs and other timber products for hire along and upon the stream and parts of streams hereinbefore in Paragraph VIII of the findings described, and to collect tolls therefor pursuant to and in accordance with the terms and provisions of Chapter 128 of the Laws of Oregon for the year 1917, and pursuant to the rules and regulations of the Public Service Commission of Oregon now in force, or which may hereafter be promulgated, and subject to the federal statutes and rules and regulations governing navigable waters; provided, that the granting of this franchise shall not be construed as permitting the Sluslaw Boom Company taking, damaging or injuriously affecting the property or property rights of individuals or corporations in or along the stream or streams included in the franchise, without first compensating such individuals or corporations for the property or property rights so taken or injuriously affected.

NORTH COAST POWER COMPANY, a corporation, Plaintiff, }  
v. } No. U-F-196  
PORTLAND GAS AND COKE COMPANY, a corporation, }  
Defendant. }

(ORDER ENTERED SEPTEMBER 9, 1918.—P. S. C. ORDER NO. 430)

This matter is before the Commission on complaint of North Coast Power Company asking that an order issue requiring the defendant, Portland Gas and Coke Company, to desist in the construction of its line and system throughout the Tualatin valley until said defendant shall have obtained a certificate of public necessity and convenience as required by Chapter 164 of the General Laws of Oregon for 1917.

The allegations of plaintiff's complaint are, in substance:

That the complainant is a corporation duly organized and existing under and by virtue of the laws of the State of Washington; is duly licensed to transact business in the State of Oregon; is the owner and operator of a public utility, viz, an electric power plant, and is now serving that portion of Washington county, Oregon, known as Tualatin valley with electric power and current for lighting, heating, cooking and power purposes.

That the defendant, Portland Gas and Coke Company, is a corporation organized and existing under and by virtue of the laws of the State of Oregon, and that said defendant is intending and has already taken steps to and is now extending its plant and the service thereby rendered into Tualatin valley for the purpose of furnishing gas for lighting, heating and power purposes, and that said defendant serves no other separate, distinct or different purpose from that served by the plaintiff, and that the defendant has not, prior to the commencement of the construction of its line into Tualatin valley, or at any time, obtained from the Public Service Commission a certificate of public necessity and convenience, and that the construction, maintenance and operation of the line, plant and system as now being constructed by the defendant will result in a complete duplication of service and a duplication of investment throughout such portion of the Tualatin valley as said defendant is attempting to construct their line and system, and plaintiff prays that this Commission enter an order requiring the defendant to desist in the construction of its lines and system throughout the Tualatin valley until it shall first have obtained a certificate of public necessity and convenience as aforesaid.

To this complaint the defendant has filed a motion to dismiss, predicated upon the affidavit of the general manager of said defendant, which said motion and affidavit set out that the plaintiff company is a public utility engaged in furnishing electricity, electric current and electric power in portions of the terri-



tory referred to in the complaint, and is not now and has not been engaged in any of said territory in the production, delivery or furnishing of gas; that the defendant, Portland Gas and Coke Company, is a public utility and that its public utility service consists solely in the production and furnishing of gas for commercial and domestic uses, and that it is not now or never has been engaged in the furnishing or delivery of electricity or electric current and power to the public and that the line or system which it now has under construction in the portion of the territory referred to in the complaint is being used and will be used for the purposes of furnishing gas and for no other purpose, and that the service furnished by said defendant is neither in fact nor in contemplation of law a similar service to that furnished by the plaintiff, and that plaintiff and defendant are not practically or in legal contemplation similar utilities within the meaning or intent of Chapter 164 of the General Laws of Oregon for 1917.

This matter was set for argument upon the motion to dismiss at Portland on the 18th day of July, 1918, at which time and place plaintiff appeared by Mr. F. D. Metzger, its attorney, and defendant by John A. Laing, its attorney. Whereupon, by agreement of counsel the matter was submitted to the Commission without argument.

It appears that there are two issues presented upon the record herein, one being the question of whether or not this Commission has jurisdiction or authority to issue a restraining order, and the other being as to whether or not plaintiff and defendant are similar utilities as contemplated by our statutes. The first question has been passed upon by this Commission in a matter then pending before it entitled "The California-Oregon Power Company, a corporation, complainant, v. The Keno Power Company, a corporation, defendant." In this proceeding the complainant prayed for an order of this Commission restraining the defendant from building into territory occupied by complainant and in competition with complainant without first having secured a certificate of public necessity and convenience as provided by statute. After due hearing the Commission made and entered an order, viz, P. S. C. Or. No. 379, dismissing the complaint and assigning as a reason therefor that this Commission is without jurisdiction to issue such restraining order, from which order we quote:

"It is quite apparent from the foregoing excerpt that the question of the public convenience and necessity existing in any case may only be presented upon the application of the utility desiring to invade the field, and that the jurisdiction of this Commission does not attach until the utility desiring to enter the field makes application for permission to do so. The Commission must, therefore, decline to pass upon the question as now presented."

We also quote from said order as follows:

"Before leaving this subject, however, we desire to say that in our opinion the parties interested in this question are not without an adequate remedy. If the general public or citizens of the community which is to be invaded by the defendant company, or the utility now occupying such territory, believe that this invasion is in violation of law, such invasion may be restrained by proper proceedings in the circuit court."

In view of the order referred to, the Commission is of the opinion that it has no authority to grant the relief prayed for in the complaint herein and that it is unnecessary to discuss or to pass upon the question of a similarity of service or whether or not plaintiff and defendant are similar utilities within the meaning of the statutes.

IT IS, THEREFORE, ORDERED that the above entitled matter be and is hereby dismissed.

In the matter of the application of the NEWBERG TELEPHONE COMPANY for readjustment or rate for portable desk telephone. } No. U-F-217

(ORDER ENTERED SEPTEMBER 9, 1918.—P. S. C. ORDER NO. 431)

This is an application brought by the Newberg Telephone Company for authority to readjust its rate charged for portable or desk telephones. This matter came on regularly for hearing before the Commission at the City Hall in Newberg, Oregon, on Tuesday, the 18th day of June, 1918, at the hour of 9:30 o'clock a. m., at which time and place testimony was taken hereon, applicant company appearing by E. E. Goff, its secretary and manager.

At the present time the applicant's rates regularly call for wall sets, with a nominal additional charge of \$1.00 at the time of installation if the subscriber

desires a desk set or portable instrument. This charge originally was designed to cover the additional cost of installing and maintaining such portable set. The company alleges that since the establishment of this charge experience has shown that the rate is insufficient and requires adjustment. Because of their convenience, many portable telephones are now in use in this community for residence as well as commercial service. Out of a total of approximately 500 phones the applicant now has installed in the neighborhood of 110 portable sets, and the proportion of desk to wall phones is rapidly increasing.

It is an established fact that the cost of an installed desk or portable set and the maintenance expense attached thereto is sufficiently in excess of that for the ordinary wall type instrument to justify a distinction in the service rates for the two types of equipment. The justification for such distinction need not be explained further than to state that the very characteristic which gives the portable instrument its attraction to users gives rise to increased maintenance expense on account of parts broken from falls, worn cords, etc., not encountered in the use of ordinary equipment. Because of these facts the applicant claims that this service is becoming burdensome and that an extra charge of 25 cents per month should be allowed for these instruments.

The rate of 25 cents per month requested by the applicant is the standard additional charge in common use by other telephone companies throughout this and other states for this type of equipment, and does not seem to be unreasonable in this instance.

From a consideration of the foregoing matters and of the entire record before it the Commission is of the opinion and finds that the application herein should be allowed.

IT IS, THEREFORE, ORDERED that the application herein be and it hereby is allowed and the applicant company permitted to charge, impose and collect for the furnishing of portable or desk telephones, in lieu of the nominal charge of \$1.00 now collected upon installation, a rate of 25 cents per month in addition to the regular monthly party exchange service rate.

In order that no undue burden may be imposed upon subscribers now using desk-type installations, the company will be permitted to credit such subscribers, who have paid for such installations within the six months last preceding the date of this order, with the additional charges made against them for the service.

In the matter of the application of the CLATSKANIE TELE- { No. U-F-213  
PHONE COMPANY for authority to increase rates. }

(ORDER ENTERED SEPTEMBER 10, 1918.—P. S. C. ORDER NO. 434)

This proceeding is before the Commission upon the application of the Clatskanie Telephone Company for authority to advance its rates, in support of which it is alleged that the income is not sufficient to properly maintain the service.

The original cost of the property is not available from the record nor from the books of the company, which are kept according to no definite classification of accounts. From investigations conducted by the engineering department of the Commission, however, it appears that on the 19th day of June, 1918, the reproduction cost new of the physical items of a like system in new and usable condition under normal circumstances would have been \$8,251.00, and this amount less the depreciation accrued from all causes was at that time \$5,505.00. These amounts include no allowance for working capital reasonably required in the conduct of the business or for the existence of the property as a going concern with developed business attached.

Analysis of the results of operation for the five months' period ended May 31, 1918, shows that the total revenues from all sources, including gross charges for long-distance service over the lines of the Pacific Telephone and Telegraph Company, with attached war taxes collected thereon, were approximately \$2,675.00. This amount used as a basis for estimating the normal earnings for a year produces an annual gross revenue of \$6,420.00.

Analysis of the expenses for the same period shows a total outgo of \$3,053.07, including payment to the Pacific Telephone and Telegraph Company of its share in long-distance service charges collected, the war tax on such long-distance messages, the half year's taxes, certain expenditures for additions to

capital and an amount of \$511.95 taken out of the business as profit by the partners. The total expense for this period reduced by excluding the above named items and used as a basis for calculation of normal results produces an estimated annual expense of \$5,400.00. This amount includes taxes but no reserve for depreciation nor an allowance for dividends or profit to the owners of the company.

After the reservation of \$600.00, which it has been determined should be set aside as an annual depreciation allowance to preserve the investment and continue the property in serviceable condition, an annual net operating income of \$420.00 would be available under the assumption that conditions prevailing during the period prior to May 31, 1918, will continue.

While investigation shows that the above amount include no abnormal or unreasonable expenditures, it is now known that certain advances must be met if the utility is to continue operations and give the quality of service which subscribers have the right to expect of it. These items for the year are as follow:

Increase in operators' wages to conform to orders of Industrial Welfare Commission .....	\$240.00
Increase in manager's salary, \$25.00 to \$50.00 per month .....	300.00
Increase in bookkeeper's salary, \$10.00 to \$25.00 per month .....	180.00
Additional labor for operation and maintenance of lines (estimated) .....	150.00
Rent, not included above .....	30.00
Water, not included above .....	12.00
Total increase per year .....	\$912.00

These items in our opinion are in no way unreasonable nor in excess of reasonable requirements which must be met if the company is to be enabled to serve the public adequately and without undue sacrifice. A consideration of these advances as actual expenses to be met in the future reduces the operating income of \$420.00, determined above, to an operating loss of \$492.00, which it will be impossible to meet with present rates, and in which no consideration is given to profit for the investors.

The Commission is convinced that the utility, to maintain its property and meet the pressure of increased costs in both labor and material arising from present war conditions, is entitled to the cooperation of its subscribers by the payment of advanced rates, so long as such rates are in themselves reasonable, and for such increased charges the subscribers are equally entitled to receive from the utility the first class service which it shall be expected to maintain after receiving such relief as is herein granted.

It has been the custom in the past for the partners in this business to draw out all surplus income as dividends without reserving any allowance to meet accruing depreciation upon the property. Although the records do not disclose the exact extent of such withdrawals, indications are that the amount has been a considerable one. Testimony shows that portions of the property are in such conditions as to require immediate extensive reconstruction, and the company has included necessary labor for such reconstruction as a part of its operating expenses in support of the application for increased rates. In view of the fact, already disclosed, that no funds have been reserved to cover this accruing liability, although dividends have been withdrawn regularly and in considerable amount, we are inclined to believe that the takers of these profits should ultimately be held responsible for a great portion of the expense necessary to replace the property in the condition that should obtain to insure proper service. The Commission will allow the inclusion of no such expense in its estimates, except as it may be affected by the regular items included for annual depreciation reserve and current maintenance.

In connection with such responsibility on the part of the owners and when such improvements are completed and in view of all the evidence submitted and conditions noted, we believe the value in this property upon which the investors may be reasonably entitled to expect a return is \$7,500.00.

The applicant now has in effect the following rates:

Private lines .....	\$2.00 per month
Four-party or more business service .....	1.50 per month
Two-party residence service .....	1.50 per month
Six or more party .....	1.00 per month
Residence service outside the city .....	1.50 per month
Kerry Logging Company service .....	5.00 per month

and the schedule which it desires to put into effect is as follows:

Business service—one party .....	\$2.50 per month
Business service—two or more party .....	2.00 per month
Residence service—one party .....	2.00 per month
Residence service—two or more party .....	1.50 per month
Rural service .....	1.50 per month
Switching city phones .....	1.00 per month
Switching rural phones .....	5.00 per year

The rates proposed by the company are such as to produce, according to the record, a monthly increase in revenue of about \$92.50, or \$1,100.00 per year, and, if allowed, would under the assumed conditions produce, in addition to all reasonable expenses, taxes and depreciation, a very attractive return upon the value heretofore attached to the property.

By comparison with rates for similar service under like conditions in other communities, the proposed schedule does not appear in general to be unreasonable. Certain modifications are, however, necessary to make it conform to standard practice and to eliminate the possibility of unjust discrimination between individual subscribers and classes of subscribers. After consideration of all findings hereinbefore made, and local conditions affecting the operations of the applicant, the following schedule of rates is found to be just, reasonable and not unjustly discriminatory:

Business service—individual line .....	\$2.50 per month
Business service—two-party line .....	2.00 per month
Business service—four-party line .....	1.75 per month
Residence service—individual line .....	2.00 per month
Residence service—two-party line .....	1.50 per month
Residence service—four-party line .....	1.25 per month
Rural service—company owned party lines .....	1.50 per month
Switching—city subscribers on connecting lines .....	1.00 per month
Switching—rural subscribers on connecting lines .....	5.00 per year

While these rates will not yield as large a return upon the value of the property as those proposed by the applicant, it is believed that they are reasonably commensurate with the value of the service which can be rendered by the applicant, that the revenue therefrom will provide sufficient funds to amply meet all reasonable expense of operation, maintenance, depreciation and taxes, and that the return available to the investors will be as reasonable as they may expect to obtain from such a property in view of the responsibility which they have for bearing with the patrons of the company a fair share of the burdens arising from present abnormal war conditions.

After a full consideration of the entire record in the case, the findings hereinbefore made and all other pertinent facts,

IT IS, THEREFORE, ORDERED that the applicant, Clatskanie Telephone Company, upon the condition that it will give good and adequate service to its patrons at all times, and within a reasonable period after the date hereof submit satisfactory showing that it has repaired and placed its lines and equipment in such condition as to insure continuity of such reasonable service, be and the same hereby is authorized to discontinue its present rates and practices insofar as they may conflict with those hereinbefore found to be reasonable, and to substitute in lieu thereof the rates and practices so found to be just, reasonable and not unjustly discriminatory.

Such rates and charges so substituted shall apply as maximum rates and charges for the service specified. Nothing herein contained shall be construed as preventing the utility, after proper publication and filing of tariffs as provided by law and the rules of the Commission, from reducing any rate or charge hereinbefore found to be just and reasonable, or for filing other rates for additional classes of service not specifically designated, reducing any rate or charge hereinbefore found to be just and reasonable; provided, however, that such reduction will result in no unjust discrimination as between individuals or classes of service.

AND IT IS FURTHER ORDERED that the Clatskanie Telephone Company shall set aside each year in a reserve fund the amount herein fixed as an allowance for depreciation or such moneys as may be available for that purpose prior to the payment of dividends, and shall expend said money only as provided by Chapter 279, Laws of Oregon for 1911.

AND IT IS FURTHER ORDERED that immediately upon acceptance of this order the applicant shall file according to law and the rules of this Commission

a tariff or tariffs setting forth the rates, rules and regulations, not conflicting with those herein provided, to be established and maintained in connection with the service of this company.

A reasonable date for this order to become effective is the first day of October, 1918.

ELWOOD LOGGING COMPANY, C. M. CHRISTENSEN LOGGING COMPANY, PALMER-OWEN LOGGING COMPANY, ROBERT C. KINNEY,	} No. F-771
Plaintiffs,	
v.	
COLUMBIA AND NEHALEM RIVER RAILROAD COMPANY,	
Defendant.	

(ORDER ENTERED SEPTEMBER 21, 1918.—P. S. C. ORDER NO. 435)

Under date of July 24, 1918, the plaintiffs, through their attorneys, filed complaint with this Commission alleging that the defendant railroad company has refused heretofore and continues to refuse to furnish plaintiffs with logging trucks by which to convey their logs over its railroad, necessitating an outlay on their part for such equipment; and that the rental of 10 cents per thousand feet log measure of logs published in its tariff by defendant and paid plaintiffs by defendant for use of their trucks while transporting their logs over its railroad is inadequate, insufficient and less than is just and reasonable for the use of the trucks so furnished by them.

Relative to that portion of complaint charging defendant with not furnishing plaintiffs the necessary logging trucks, defendant contended that these trucks are a special class of equipment, suited only to the logging business and not interchangeable with other railroads; that the demand for their use is variable; that they must ordinarily be loaded on the loggers' spurs, whose construction is unsuited to main line operation; that said trucks are used in logging operations and beyond its control a large portion of the time they are in use; that it is customary for these and other reasons for loggers to furnish their own trucks; and that the law does not require a railroad company to supply logging trucks or logging locomotives for such service.

Defendant's witness further testified that the statement in its tariff that such trucks "must be of a class to conform with the requirements of the railroad company" is intended solely as a reservation of the right to refuse to receive and convey over its tracks any trucks that by reason of type or condition are unfit for logging service and dangerous to life and property, and for no other purpose.

This railroad was incorporated in February, 1913, under the provisions of Sections 6857 and 6858 of Lord's Oregon Laws, as a carrier of timber, lumber and freight, and deemed to be of public benefit. These sections were amended by Chapter 366 of the General Laws of Oregon for 1913, which classifies logging railroads as "quasi public companies and common carriers," grants them the right of eminent domain, and requires them to "transport all timber products offered to it for carriage as its means of transportation are adapted to carry," repealing all prior acts or parts of acts inconsistent therewith. This railroad has by voluntary action declared itself to be a common carrier of freight and passengers and has filed its tariffs for such service in the office of the Commission, as required by law.

As disclosed by the record, in accordance with usual custom in logging operations, these plaintiffs have private spurs of varying lengths, from a thousand feet to a mile or more, the length increasing as logging operations progress from the main line. The spurs are of a temporary nature, unballasted, and capable of being taken up and transferred from point to point as the scenes of operation shift. The grades are steep, reaching as high as ten per cent, and the curves are sharp. These spurs are made to connect with the sidings along the main line, onto which the loaded trucks are moved by the shippers, to be picked up by the main line train when it comes along. Inasmuch as the construction of these spurs is unsuited to main line locomotives, geared locomotives are a necessary part of the loggers' equipment. It is recognized that this is a special type of locomotive used only for certain classes of operation, of which the removal of timber is one. Likewise the trucks used in similar operations and not interchangeable with equipment recognized as standard on other common carriers may be considered in the same class.

Aside from the preceding consideration, however, is the fact that it is desired by neither plaintiffs nor defendant that the control and ownership of these logging trucks should rest in any other than the loggers, and that the present arrangements result most satisfactorily to all concerned, are not unjustly discriminatory and avoid needless duplication of equipment, afford the loggers control of their trucks for whatever purposes they may desire, enable them to move their logs to the market as speedily as produced and without delay in procuring equipment, avoid unloading and reloading at the main line or possible switching and demurrage charges, and, perhaps more vital now than all, permit the prompt delivery of spar and other large timber which has a ready market in shipbuilding.

Payment of such rentals as is provided for in defendant's tariff is, in our opinion, in the nature of a rebate rather than compensation for the use of equipment, and, as rebating is prohibited by law, this feature of the tariff should be eliminated and this practice discontinued.

Whether this so-called rental be high or low, or whether abolished entirely, is a factor of little or no consequence in determining the net charges to be borne by these shippers, inasmuch as it would be reflected in the operating expenses and the resultant gross freight charges of the railroad for this class of traffic.

In view of the present somewhat reciprocal and mutually beneficial relationship existing between the loggers and this railroad for the use of this class of equipment, whereby the logs are readily brought from the source of shipment to the booms at Kerry without rehandling, and at a minimum expense, and in view of the further fact that the Commission has this day entered an order fixing the rates to be charged by the railroad company for the transportation of logs, we are of the opinion that this case will be disposed of most advantageously to all concerned by the abolition of these truck "rentals."

Based on the foregoing findings and all the testimony and facts submitted in this case,

IT IS NOW ORDERED that the payment of 10 cents per 1,000 feet log measure of logs to shippers by defendant for the use of their logging trucks in conveying logs over their tracks from their spurs to the boom near Kerry, Oregon, be terminated from and after the effective date of this order, and provision for same be abolished from respondent's tariffs.

In the matter of the application of the HAMMOND LUMBER COMPANY, *et al.*, for suspension of Local Freight Tariff No. 4 of the COLUMBIA AND NEHALEM RIVER RAILROAD. } No. F-770

(ORDER ENTERED SEPTEMBER 21, 1918.—P. S. C. ORDER NO. 436)

The Columbia and Nehalem River Railroad filed with this Commission on July 18, 1918, notice of increase in rates in its Local Freight Tariff No. 4, to become effective August 1, 1918.

Under date of July 23, 1918, protest against this tariff being permitted to become effective and request for suspension of the proposed increases on logs pending a hearing was filed with the Commission by attorneys in behalf of the following logging interests doing business over that railroad:

Hammond Lumber Company.  
C. M. Christensen Logging Company.  
Palmer-Owen Logging Company.  
Nehalem Investment Company.  
Murphy Timber Company.  
Robert C. Kinney.  
Fishhawk Timber Company.  
McPherson Timber Company.  
Detroit Trust Company.

Whereupon under date of July 30, 1918, the Commission ordered that the operation of said increased freight rates on Oregon Intrastate traffic be suspended until the 28th day of October, 1918, unless otherwise ordered by the Commission.

Pursuant to due and legal notice, hearing on this application for suspension was held in Portland on August 14 and 15, 1918; testimony was taken on behalf of the parties interested and facts submitted, supplemented by subsequent briefs in behalf of applicants and respondent.

**Appearances:**

For applicants, Wm. C. McCulloch, attorney.

For respondent, J. C. Veazle, attorney.

This railroad was organized and built for the purpose, among other things, of conveying to the Columbia river timber to be cut from the holdings of the Kerry Timber Company and contiguous owners in Columbia and Clatsop counties. It was incorporated under Sections 6857 and 6858, Lord's Oregon Laws, as a carrier of timber, lumber and freight, and deemed to be of public benefit. It has by voluntary action declared itself to be a common carrier of freight and passengers, and has filed its tariffs for such service with this Commission as required by law.

The circumstances attending the organization, financing and construction of the Columbia and Nehalem River Railroad may be advantageously outlined here.

A trust deed was issued by the Kerry Timber Company on its Oregon properties to the Central Trust Company of Illinois and William T. Abbott, trustees, to secure bonds dated January 1, 1913, in the amount of \$800,000.00. These bonds bore interest at six per cent per annum payable semiannually on January 1 and July 1, matured in instalments up to January 1, 1924, and were sold at 95 per cent of their face value.

In this trust deed the Kerry Timber Company agreed to secure right of way and build a railroad and cause said railroad to issue its bonds or mortgage obligations aggregating not less than \$875,000.00 as additional security for the payment of the \$800,000.00 Kerry Timber Company bonds above. Nonpayment of their interest was not to be considered a default as long as no default was made in the payment of the Kerry Timber Company bond interest and principal.

The Columbia and Nehalem River Railroad Company was incorporated February 24, 1913, and construction begun shortly thereafter. Money from the Kerry Timber Company \$800,000.00 bonds was utilized for the work. The first fifteen miles were completed by June, 1915, and operations started the same month. Columbia and Nehalem River Railroad bonds for \$875,000.00 at six per cent interest maturing January 1, 1924, had been issued the preceding March, transferred to and pledged with the Central Trust Company and Wm. T. Abbott, trustees, as provided in the trust deed. Construction to the twenty-fifth mile was completed during 1916, and the railroad's bonded indebtedness was increased from \$875,000.00 to \$1,000,000.00 in January, 1917, the increase of \$125,000.00 in bonds serving as additional security for the Kerry Timber Company bonds with the Central Trust Company.

The original Kerry Timber Company bonds having been sold at 95 per cent of their face amount in 1913, the Columbia and Nehalem River Railroad was charged with this discount of five per cent on \$800,000.00 in February, 1915, and the amount pro rated into capital accounts, the money having been loaned for its construction as stated above.

Kerry Timber Company bonds were reissued for \$875,000.00, dated July 1, 1916, and bearing six per cent interest, maturing in instalments up to January 1, 1931, the proceeds to be used in payment of the entire floating indebtedness of the Timber Company and for retirement of outstanding six per cent bonds dated January 1, 1913. These bonds were also sold at 95 per cent. In compliance with conditions of their issuance, in December, 1916, all of the original \$800,000.00 had been retired in the following manner:

Cash received, 95 per cent of \$875,000.00, \$831,250.00; discount.....		\$43,750.00
Bonds retired at maturity.....	\$ 45,000.00	
\$195,000.00 called in at 100 1/4 .....	195,000.00, plus premium .....	487.50
\$560,000.00 called in at 103 .....	560,000.00, plus premium .....	16,800.00
Original issue .....	\$800,000.00	Refinancing cost.....\$61,037.50

The railroad was charged with this additional bond discount and premium refinancing cost of \$61,037.50, which with the preceding \$40,000.00 equaled \$101,037.50; but this \$61,037.50 was not apportioned into capital accounts as was the \$40,000.00, but is being amortized in current operating expenses at the rate of approximately two per cent per month.

There has been a further bond expense from 1913 to June 30, 1916, amounting to \$3,733.19, constituting legal and trust company charges incidental to the original and construction financing, which was pro rated among the capital accounts. From June, 1916, to January 1, 1918, there was additional bond

expense incidental to the refinancing to the amount of \$13,179.18, which is being amortized in current operating expenses at the rate of \$263.58 (or two per cent) per month along with the bond discount and premium. Among the items comprising the bond expenses are such as examining properties, engraving, auditing, legal services, bond house services, etc.

In addition to the construction performed by means of the preceding bond financing, there was a balance on open account in the books of the railroad on January 1, 1918, in the sum of \$440,776.58 due the Kerry Timber Company, for money advanced for railroad construction, against which stands the bond issue of \$125,000.00 of January, 1917, to the Kerry Timber Company and used by the latter as additional security on their debt to the Central Trust Company.

In March, 1915, common stock of the railroad in the amount of \$1,000,000.00 was issued, all except five directors' shares having been issued to the Kerry Timber Company to cover past and future advances in excess of the bonds held by that company.

A full and proper consideration of this case required a determination of the value of the Columbia and Nehalem River Railroad, as shown by the company's records and checked by an inspection of the physical property. This was done concurrently with and as a part of these proceedings, and a statement of the investment of the company in road and equipment on January 1, 1917, and January 1, 1918, follows:

Account	Item	Jan. 1, 1917	Increase or decrease	Jan. 1, 1918
1	Engineering .....	\$ 202.40	\$.....	\$ 202.40
2	Land for transportation purposes.....	47,109.52	89.14	47,198.66
3	Grading .....	598,729.64	2,782.61	601,512.25
5	Tunnels .....	140,459.10	.....	140,459.10
6	Bridges, trestles and culverts.....	135,384.70	.....	135,384.70
8	Ties .....	23,517.83	1,158.99	24,676.82
9	Rails .....	107,471.16	12,180.00	119,651.16
10	Other track material .....	16,320.95	850.00	17,170.95
11	Ballast .....	43,159.70	5,289.09	48,448.79
12	Track laying and surfacing .....	27,890.70	350.52	28,241.22
13	Right of way fences .....	4,806.90	7.50	4,814.40
15	Crossing and signs .....	348.16	.....	348.16
16	Station and office buildings .....	1,334.82	.....	1,334.82
17	Roadway buildings .....	205.66	803.19	1,008.85
18	Water stations .....	2,489.38	483.21	2,972.59
19	Fuel stations .....	4,466.01	.....	4,466.01
20	Shops and engine houses .....	681.79	12,592.65	13,274.44
26	Telephone line .....	2,373.27	.....	2,373.27
35	Miscellaneous structures .....	3,012.23	<b>2,297.93</b>	7,114.40
37	Roadway machines .....	1,098.16	.....	1,098.16
38	Roadway small tools .....	1,342.45	.....	1,342.45
44	Shop machinery .....	.....	2,692.99	2,692.99
47	Unapplied construction material .....	2,690.09	1,402.71	4,092.80
51	Steam locomotives .....	58,062.72	.....	58,062.72
53	Freight train cars .....	61,565.09	<b>52,452.07</b>	9,113.02
54	Passenger train cars .....	7,351.86	2,766.17	10,118.03
57	Work equipment .....	411.44	<b>35.00</b>	376.44
58	Miscellaneous equipment .....	11,434.12	4.35	11,438.47
71	Organization expenses .....	.....	.....	.....
72	General officers and clerks .....	.....	.....	.....
73	Legal expenses .....	.....	.....	.....
74	Stationery and printing .....	.....	.....	.....
75	Taxes during construction .....	.....	.....	.....
76	Interest during construction .....	.....	.....	.....
77	Other expenses, general .....	.....	.....	.....
	Nehalem River branch .....	52,428.19	412.53	52,840.72
	<b>Totals .....</b>	<b>\$1,356,348.14</b>	<b>\$10,919.35</b>	<b>\$1,345,428.79</b>
<i>Estimated working capital—</i>				
	Cash .....	20,000.00	.....	20,000.00
	Material and supplies .....	8,000.00	.....	8,000.00
	Office equipment .....	350.00	.....	350.00
	<b>Grand totals .....</b>	<b>\$1,384,698.14</b>	<b>\$10,919.35</b>	<b>\$1,373,778.79</b>

Pro rated and included above. Also all engineering except amount above.



The following intangible expenditures have been included by apportionment in the railroad books in the various capital accounts above:

Engineering during construction .....	\$ 24,765.75
Supervision during construction .....	10,817.12
Bond interest during construction .....	99,223.39
Bond expense during construction .....	3,733.19
Bond discount (5 per cent on \$800,000.00 K. T. Co. bonds) .....	40,000.00
Law expense during construction .....	10,690.30
Liability insurance during construction .....	8,607.88
<b>Total .....</b>	<b>\$197,837.63</b>

The Nehalem River branch has not been distributed among the various capital accounts, being retained on the books in a total sum. Its apportionment would be as follows:

Account	Item	Jan. 1, 1917	Increase or decrease	Jan. 1, 1918
2	Land for transportation purposes .....	\$ 4,375.19	\$ .....	\$ 4,375.19
3	Grading .....	6,284.00	365.02	6,649.02
6	Bridges and trestles .....	28,714.00	.....	28,714.00
8	Ties .....	1,453.00	.....	1,453.00
9	Rails .....	7,770.00	.....	7,770.00
10	Other track material .....	1,210.00	.....	1,210.00
11	Ballasting .....	1,727.00	47.51	1,774.51
12	Track laying and surfacing .....	465.00	.....	465.00
13	Right of way fences .....	430.00	.....	430.00
<b>Totals .....</b>		<b>\$ 52,428.19</b>	<b>\$ 412.53</b>	<b>\$ 52,840.72</b>

Railroad construction was begun February, 1913, and the first fifteen miles completed by June, 1915, at which time the road began operation. Construction was continued on to the twenty-fifth mile, which was completed in 1916, and operation extended to that point. Additional sidings and spurs were also constructed during 1917. The main line mileage is now twenty-seven and a half miles, with approximately two miles of sidings, and the Nehalem River branch of two and two-tenths miles. Physical characteristics embrace a maximum grade of three per cent and a maximum curvature of fourteen degrees. Length of wood trestles and bridges on the main line is 21,800 feet and on the Nehalem River branch 5,600 feet. Length of tunnel on the main line 1,778 feet, lined with approximately 1,100,000 feet board measure of fir timber costing about \$9.00 per thousand and installed at about \$9.00 per thousand in labor.

In the preceding exposition of the financial and construction statistics of this road, as disclosed by its books, it will be noted that the cost of engineering and supervision during construction was much below the average, having been only slightly in excess of two and one-half per cent of the total cost of the road. The bond interest during construction is equivalent to six per cent interest for a period of fourteen months on the total cost of the road, whose construction required approximately two years for the first fifteen miles and varying periods for the later extensions and branches. While the refinancing during 1916 seems to have imposed a double bond discount burden on respondent, as already explained, the total discount was in amount not greatly over seven per cent of the total cost of the road. In view of the nature of the enterprise, this sum can not be considered excessive. Moreover, the preceding figures have not included expenditures suffered by this road for development expense, nor has any claim for such been presented by respondent.

Therefore, taking into consideration all the foregoing factors of capital investment, accrued depreciation and development expense, and other testimony in the record, the Commission finds that the value, solely for ratemaking purposes, of the property of the Columbia and Nehalem River Railroad, devoted to the public service on January 1, 1918, including working capital, was \$1,263,883.00.

Testimony from the record demonstrates that there is approximately 2,000,000,000 feet of timber in the area tapped by this railroad, which affords the holders thereof an opportunity to market their logs to the fullest extent of their production, and at probably the highest known prices of modern times, and is a distinct advantage to the applicants that should not be lost sight of. Respondent claims that a considerable advance in its freight rates is necessary to save it from ruinous losses occasioned by the abnormal rise in costs of labor and material during the past three years. That these conditions are general and not

limited to the respondent has been repeatedly proved to the Commission, and is public knowledge. This investigation will go, then, to a determination of the advance in rates necessary to respondent under existing conditions.

According to the statistics of the fir production board of the government, from sixty to sixty-five per cent of the lumber produced in the entire Columbia River district for shipbuilding purposes is brought down over the Columbia and Nehalem River Railroad. The Commission, therefore, feels that an imperative duty is incumbent upon it to preserve the continuity of this supply of shipbuilding timber. That this avenue of traffic must produce sufficient revenue to maintain itself admits of no doubt. The affairs of the company appear to be economically managed and the road to be fulfilling all reasonable traffic demands.

The consensus of testimony in the record tends to confirm respondent's contention that this railroad is of a temporary nature, built for the purpose of removing timber from a limited and specific area, and with the contemplated southern terminus at the southwest corner of Township 5, Range 6 west, Willamette meridian; that it will possess but a salvage value upon the removal of these 2,000,000,000 feet of timber adjacent to it. It was testified that an equivalent extension northward from the Portland and Southwestern Railroad (now running westward through Scappoose and projected into other timber areas to the south) to serve the timber holdings in question would have had no permanency after the removal of the timber. The topography of this area is such that its agricultural possibilities are inadequate to support a railroad, and much of the surface too rough to warrant the expense of removing the stumps after the timber shall have been cut. The evidence shows that it was impracticable to extend this road into timber holdings farther to the south than the projected terminus, owing to the topographical features favoring other railroads coming in by other and more accessible routes. The road is obviously for logging purposes, for the primary benefit of the holders of these 2,000,000,000 feet of timber, and it would seem that the maintenance of the railroad and the amortization of the funds invested in it must be absorbed in just proportions in the cost of marketing the tributary timber.

According to facts presented, the most serious effects from war conditions began to be felt by the company during the second half of the year 1917. This was conclusively shown by the statement that during the first six months the road hauled 61,143,724 feet of logs with an operating profit of \$61,169.34, while during the second six months 81,738,609 feet were hauled with an operating profit of but \$27,561.30. Against this apparent operating profit for the year of \$88,730.64 are several unadjusted items, leaving an operating profit for the year of approximately \$83,549.00 applicable as interest on the unfunded capital invested and for amortization purposes, which amounted to \$116,299.00 on a basis of six per cent interest, leaving a deficiency of about \$32,750.00.

It was proved that there have been abnormal advances in cost of material and labor in 1918 over 1917, including the change to an eight hour labor day. Data subsequently developed by respondent's auditor from its books and vouchers indicate that the same labor which cost \$96,476.00 in 1917 would under existing conditions have amounted to about \$207,490.00, or an increase of 115 per cent. A summarized comparison of material costs was not readily obtainable, but it was shown that ties were \$10.50 per thousand feet board measure in January, 1917, \$16.50 in October and \$21.00 to \$23.00 recently; steel relay rails \$40.00 per ton in February, 1917, \$67.50 early in 1918, and about \$80.00 now; and angle bars, steel, spikes and bolts had increased in greater or less degree. This railroad submitted in evidence the following graphic comparison of its operations for the first four months of each year 1917 and 1918, exclusive of interest and other general expenses:

	Four months' haulage (feet)	Gross income	Operating expense
1917 .....	33,829,933	\$69,673.18	\$36,339.17
1918 .....	42,018,359	83,311.56	92,452.53

Beginning August 1, 1918, owing to the expiration of a contract, respondent has been obliged to pay \$2.00 per barrel for fuel oil delivered at Kerry, as against 81 cents per barrel hitherto, which alone is a serious item affecting rates.

In the last week of April, 1918, respondent suffered a cave-in in its tunnel which not only caused suspension of traffic until July 20, but imposed an expenditure of about \$42,000.00 to repair same. An inspection of the tunnel by

this Commission disclosed that this accident could not have been anticipated and lays on respondent no charge of negligence for its occurrence.

There are the onerous conditions under which this carrier is operating at present and from which it seeks relief. Unlike numerous other roads doing a logging business, several of which were cited, this company does not have a large proportion of high class freight, but is essentially a single commodity road, with negligible return traffic to share its operating expenses. It serves practically no agricultural or business communities, but must depend upon an unwieldy commodity moving in one direction and taking a relatively low rate, which is produced but ten months of the year.

The preservation of continuity of service on this railroad is necessary to the success of the applicants in marketing their logs, and the need of relief by respondent must be apparent to them. But aside from the position of the two parties to this proceeding, the Commission must act with due regard to the requirements of the shipbuilding industry at this vital period in our country's history. Already, in recognition of the respondent's stringent financial condition, the United States government has made it a loan of \$50,000.00 and a patron of the road has advanced an additional similar amount.

A careful analysis has been made of the costs and other data submitted by respondent as resulting from its operations, in conjunction with the testimony in the record and the exhibits and proofs submitted, and the Commission has compiled therefrom an estimate of the annual operating expenses of this respondent under the conditions now existing and cited hereinbefore on basis of an annual output of 162,000,000 feet of logs and of the revenue under present rates, in order to arrive at a determination of the increase in revenue requisite to afford respondent necessary relief. Interest at the rate of six per cent per annum has been included. The estimate of total annual expense is \$513,821.00, in which it develops that the bare operating cost per 1,000 feet of logs, exclusive of depreciation, interest, taxes and other general items, has fully doubled in 1918 over 1917. The net revenue is estimated at \$339,960.00, including passenger and express business, comprising \$296,460.00 from logs, \$28,000.00 from other freight traffic and \$15,500.00 from all other sources. An increase in freight revenue to overcome the deficiency between \$513,821.00 and \$339,960.00 is consequently necessary, and in accordance therewith the following rates on logs have been found by this Commission to be just, reasonable and not unjustly discriminatory to be placed in effect by respondent in lieu of the rates now in force under Local Freight Tariff No. 4, P. S. C. Or. No. 4:

Item No.	Commodities	Application	Rate per 1,000 feet
4	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Summit, Ore. ....	\$2.25
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and 10th Mile, Ore. ....	2.25
5	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Thompson Siding, Ore. ....	2.50
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Berg, Ore. ....	2.50
*	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Birkenfeld, Ore. ....	2.80
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Neverstill, Ore. ....	2.80
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Elwood Siding, Ore. ....	2.80
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Gamble Siding, Ore. ....	2.80
6	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and 24th Mile, Ore. ....	2.90
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and Sunnyside, Ore. ....	2.90
	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and points on Nehalem branch ....	2.90
7	Logs, C. L. minimum 6,000 ft., subject to Spaulding scale	Between Kerry, Ore., and 27th Mile, Ore. ....	3.20

\* Additional.

Therefore, in the light of all the evidence submitted and bearing on a full and just determination of this application,

IT IS NOW ORDERED that the schedule of rates filed with this Commission by the Columbia and Nehalem River Railroad Company on July 18, 1918, be and the same is hereby permanently suspended as to logs only, and that the suspension order of this Commission dated July 30, 1918, be and the same is hereby revoked, repealed and held for naught as to all other matters and things.

IT IS FURTHER ORDERED that respondent file, in substitution of its present Tariff No. 4, a new Local Freight Tariff numbered 5, P. S. C. Or. No. 5, placing in operation upon one day's notice to the Commission and to the public the just and reasonable rates as determined by this Commission herein, and also such other rates, rules and regulations governing its operations as are not inconsistent with the spirit of this order.

J. E. HOBAUGH, Plaintiff,  
v. SOUTHERN PACIFIC COMPANY, a corporation, Defendant. } No. F-590

(ORDER ENTERED SEPTEMBER 30, 1918.—P. S. C. ORDER NO. 439)

Complaint is brought by J. E. Hobaugh of Whiteson, Yamhill county, Oregon, against the Southern Pacific Company, alleging that said defendant company fails and refuses to provide the plaintiff with a crossing over its right of way and tracks whereby said plaintiff may have ingress to and egress from a certain tract of land owned by him, and upon which he now resides, lying adjacent to the Southern Pacific Company's line of railroad in Whiteson, Yamhill county, Oregon.

A crossing at this location would, in our opinion, constitute an unusual hazard, and, if possible, should be avoided. The view is somewhat obstructed by trees and brush located immediately south of the proposed crossing, as well as by cars standing on the sidings and storage tracks adjacent thereto. The main line track of the defendant curves somewhat sharply to the west a short distance south of this proposed crossing, thus further obstructing the view materially. An additional hazard is created, due to the location within the yard limits where switching movements would be frequent.

In addition to the unusual hazard involved, it is to be noted here that there would probably be considerable expense incurred in condemning a roadway for a distance of approximately 500 feet across the yards of the defendant company as above described.

From a full consideration of the foregoing facts and of the entire record before it, the Commission is of the opinion and finds that plaintiff's complaint herein should be dismissed.

IT IS, THEREFORE, ORDERED that plaintiff's complaint herein be and it is hereby dismissed.

**P. M. RUPERT, et al.,** Plaintiffs,  
*v.*  
**PORTLAND RAILWAY, LIGHT AND POWER COMPANY,** Defendant. } No. U-F-216

(ORDER ENTERED SEPTEMBER 30, 1918.—P. S. C. ORDER NO. 441)

This matter is before the Commission upon the petition of P. M. Rupert and others, residents and inhabitants of a small area of land immediately adjacent to the corporate limits of the city of Salem, Oregon, for an order requiring the Portland Railway, Light and Power Company to furnish electricity for lighting purposes.

And it appearing from the testimony and from the record herein that to provide the service petitioned for would require an expenditure far in excess of any amount upon which a reasonable return could be expected and that such expenditure is unwarranted;

And it further appearing that arrangements have been made between the petitioners and the respondent herein whereby satisfactory service may be secured at less expense than in the manner proposed by the petitioners;

IT IS, THEREFORE, ORDERED that proceeding be and the same is hereby dismissed.

OAK GROVE COMMERCIAL CLUB,	Plaintiff,	} No. F-731
v.		
PORTLAND RAILWAY, LIGHT AND POWER COMPANY,	Defendant.	

( ORDER ENTERED SEPTEMBER 30, 1918.—P. S. C. ORDER NO. 446 )

This proceeding was instituted upon a complaint filed with the Commission by the Oak Grove Commercial Club, an organization composed of residents of Oak Grove, an unincorporated residence district on the Interurban line of the Portland Railway, Light and Power Company, generally known as its Oregon City division. Plaintiffs allege inadequate station facilities for passengers and freight.

From a consideration of the entire record before it, the Commissions finds that the accommodations, shelter and toilet facilities furnished by the Portland Railway, Light and Power Company at the station of Oak Grove are insufficient and unreasonably inadequate, and that sufficient and reasonably adequate facilities for the said defendant company to supply in the future would be to install and thereafter maintain, at a suitable and convenient location within the town of Oak Grove, a passenger waiting room containing not less than four hundred (400) square feet of floor space, separate toilet facilities for men and women, and freight shelter of sufficient dimensions to adequately care for the small amount of less than carload freight handled at this station.

Sixty days from and after the date of the service of a copy of this order upon the defendant is a reasonable time within which to comply with the terms hereof.

IT IS, THEREFORE, ORDERED that within sixty days from and after the service of a copy of this order upon it, the Portland Railway, Light and Power Company shall install and thereafter maintain, in lieu of the facilities hereinbefore found to be insufficient and unreasonably inadequate, the sufficient and reasonably adequate facilities hereinbefore prescribed.

IT IS FURTHER ORDERED that a blueprint of the proposed construction or plans of any improvements made in pursuance of this order shall be submitted to this Commission for approval before such construction or improvement is made.

In the matter of the application of THE GRESHAM LUMBER COMPANY for a franchise for driving, catching, booming, sorting, rafting and holding logs, lumber or other timber products in the waters of Drift creek, Alsea river and Alsea bay, in Lincoln county, Oregon.	} No. L-F-15

( ORDER ENTERED OCTOBER 15, 1918.—P. S. C. ORDER NO. 448 )

This matter came regularly on for hearing before the Commission at Newport, Oregon, on Saturday, the 28th day of September, 1918, at the hour of 9:00 o'clock a. m., upon the application of the Gresham Lumber Company for a franchise to drive, catch, boom, sort, raft and hold logs, lumber and other timber products in the waters of Drift creek, Alsea river and Alsea bay, in Lincoln county, Oregon, applicant appearing by Lee Wade and Ira Wade. An appearance was also entered by T. L. Bohannon in his own behalf.

And after due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, being fully advised, now makes the following findings:

## III

That the waters covered by the application as amended at the hearing are described as follows: Commencing at Drift creek at a point immediately below the dam and shingle mill of T. L. Bohannon in the southwest quarter of Section 29, in Township 12 south, Range 9 west of the Willamette meridian, following thence along Drift creek through Township 12 south, Range 9 west, and following Drift creek through Township 12 south, Range 10 west, and through Township 13 south, Range 10 west, thence through Township 13 south, Range 11 west, to the confluence of said Drift creek and Alsea river, thence following Alsea river into Alsea bay to a point in the northwest quarter of Section 16 and the northwest quarter of Section 20, in Township 13 south, Range 11 west of the Willamette meridian, all being in Lincoln county, State of Oregon.

Based upon the foregoing findings, the Commission makes the following conclusions:

First. That the applicant, the Gresham Lumber Company, is such a corporation as is contemplated by the provisions of Chapter 128 of the Laws of Oregon for 1917.

Second. That the best interests of the public will be served by the granting of a franchise to the applicant company for driving, catching, booming, sorting, rafting and holding logs, lumber or other timber products in the waters of Drift creek, Alsea river and Alsea bay, as hereinbefore described.

Third. That two years is a reasonable time within which the improvements contemplated to be made, and which are hereinbefore mentioned, should be completed by the applicant along and upon the said streams and waters.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to the Gresham Lumber Company a franchise, right and privilege for the floating, driving, catching, booming, sorting, rafting and holding of logs, lumber or other timber products upon the portions of Drift creek, Alsea river and Alsea bay hereinbefore in finding No. 3 described, and that the Gresham Lumber Company be and it is hereby granted a franchise to improve the said streams by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917.

Provided that the granting of this franchise shall not be construed as permitting the Gresham Lumber Company to take, damage or injuriously affect the property or property rights of individuals or corporations in or along the streams included in the franchise without first compensating such individuals or corporations for the property or property rights so taken or injuriously affected; and

Provided further that the Gresham Lumber Company and its successors and assigns in interest in operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said streams for the purpose of supplying the public with electric energy; and

Provided further that this franchise is granted upon the condition that the Gresham Lumber Company shall within two years from and after the service of a copy of this franchise upon it complete the contemplated and necessary improvements hereinbefore in the findings described; and

That the said the Gresham Lumber Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the floating, driving, catching, booming, sorting, rafting and holding of logs, lumber and other timber products, and any service in connection therewith which it has established, and shall, within thirty days from the service of a copy of this order upon it, file with the Commission its acceptance of the terms hereof. Schedules shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service, and failure to file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction of this Commission and its right to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of the application of the PORTLAND AND OREGON CITY RAILWAY COMPANY for authority to construct, operate and maintain a railroad across certain public roads in Clackamas county, Oregon. } No. F-671

(ORDER ENTERED OCTOBER 15, 1918.—P. S. C. ORDER No. 449)

This proceeding is the result of application of the officials of Clackamas county, Oregon, for rehearing of subject matter in case F-671, with particular reference to overhead crossing No. 1, as designated in P. S. C. Or. Order No. 400, applied for by Portland and Oregon City Railway Company over county roads near the southern end of what is known as Baker's bridge, across the Clackamas river, in Section 13, Township 2 south, Range 2 east of the Willamette meridian.

Pursuant to due and legal notice, this hearing was held in the county courthouse in Oregon City, Oregon, on Thursday, September 5, 1918, when the following appearances were made:

For Clackamas county: Hon. H. S. Anderson, county judge; A. H. Knight, county commissioner; W. A. Proctor, county commissioner.

For Portland and Oregon City Railway Company: J. N. Hart, its attorney; Stephen Carver, its president.

It appears that at the original hearing some misapprehension existed relative to the particular roadway to be crossed. The county had already completed plans for straightening the present so-called Springwater county road leading to Oregon City, and widening and otherwise improving it with a sixteen foot center pavement, which will cause a relocation of the final road farther to the south, and obviate the present sharp turns from this highway to the road over the bridge. The application, on the other hand, was for permission to cross the present road, and such was granted by Order No. 400, the county's plans for the proposed improvement of this county road not having been submitted in evidence.

Chapter 228 of the General Laws of Oregon for 1917, which vests in this Commission the power of regulation of railroad and highway crossings, requires that cognizance be taken in its determinations of "roads \* \* \* actually open and in use, or to be opened and used, for travel by the public," and that the public safety be insured. In the light of the contemplated road improvements, Order No. 400 is deemed deficient in these respects as applying specifically to the crossing of the projected roads, and will be revised as hereinafter set forth.

IT IS, THEREFORE, ORDERED that that portion of P. S. C. Or. Order No. 400 applying to the crossing in question and designated Crossing No. 1 therein be and hereby is revised to read as follows:

That the applicant railway company be and hereby is granted permission to construct an overhead crossing over the Springwater county road and branch road leading to Baker's bridge across the Clackamas river, in Section 13, Township 2 south, Range 2 east of the Willamette meridian, in such manner that the constructed railroad bridge crossing the Clackamas river at the approach to said highway crossing shall not be closer than fifteen (15) feet to Baker's bridge at their nearest parts; that the railway bridge piers or trestles at the approach in either direction to the roads as projected by the county, and in the triangle formed by the projected Springwater county road and its branch in either direction leading to Baker's bridge, shall not be constructed at their nearest point within four (4) feet in any direction of the projected location of the sixteen foot center pavement of the county road and said branches; that there shall at all times be left unobstructed by construction a roadway twenty-four (24) feet wide, equivalent to the sixteen foot center pavement plus a four foot safety zone on each side thereof, in the Springwater county road and the branch from it in either direction leading to Baker's bridge; that said overhead crossing shall provide a minimum vertical clearance of sixteen (16) feet above the roadway; that the cost of construction and maintenance thereof shall be borne entirely by the applicant railway company; and that plans and specifications for such construction shall be filed with this Commission and receive its approval before work on the same is begun.

A certain drawing or map entitled "Ground plan of county road and bridge at Baker's in Clackamas county, Oregon, showing proposed overhead crossing of Portland and Oregon City Railway," approved and certified to by the Commission and on file in its office, is more particularly referred to in conjunction with this order insofar as it may serve to elucidate the intent hereof. On this plat, a certain "line A" represents the original projection of the center line of the

Portland and Oregon City Railway, and a "line B" is the approximate alternative projected center line of said railway devised by the Commission's engineer and the county surveyor of Clackamas county as carrying out the intent of this order.

In the matter of the adoption of rules and regulations as { No. U-F-237  
to form, style and filing of tariffs of public utilities. }

(ORDER ENTERED SEPTEMBER 30, 1918.—P. S. C. ORDER NO. 450)

On the 28th day of December, 1912, the Commission issued and designated as O. R. C. No. 1 the following order relative to the filing of rates by public utilities:

"ORDERED, that every public utility in this state shall, on or before January 15, 1913, file in the office of the Commission copies of all schedules of rates and charges (including joint rates) in force on the 1st day of January, 1911, and all rates in force at any time subsequent to that date, including effective schedules, as required by Sections 25, 26 and 77 of Chapter 279 of General Laws of Oregon for the year 1911. As part of every schedule shall be filed all rules and regulations that in any manner affect the rates charged or to be charged by such utility for any such service.

"The following regulations as to form and style are prescribed for all tariffs to be filed with the Commission by all utilities." (Regulations here omitted.)

Good and sufficient cause now appearing for reissuance and revision of certain of the regulations so established,

IT IS ORDERED that order designated O. R. C. No. 1 be and the same hereby is superseded and canceled insofar as its provisions prescribe regulations governing the form and style of tariffs, and in no other way. In lieu of the rules and regulations so superseded and canceled, the following are made effective:

#### SCHEDULES TO BE FILED

##### I

Every utility must have on file in the office of the Commission a copy of the tariff or schedule of rates in effect on the 1st day of January, 1911, and a copy of such revision, new tariff or other schedules of rates placed in effect since that date.

##### II

(a) A separate schedule or tariff must be filed for each class of service furnished by a utility; that is to say, one each for water, electricity, gas, etc.

(b) Schedules should state the town or towns or locality served. Where several towns are covered by a single tariff whose rates and regulations are similar and will be changed simultaneously when revisions may be made under the law and the rules of this Commission, such tariff should be issued independently of those of other communities subject to different rates, conditions of service or revisions.

(c) Every schedule shall include, in addition to the rates, all rules and regulations that in any manner affect the rates charged or to be charged by such utility, or that define the extent of the service to be given under the rates.

(d) If the utility has any doubt as to whether any contemplated rules or regulations will be acceptable to the Commission for filing, it is suggested that they be submitted for consideration before the tariff is finally issued.

(e) When schedules contain two pages or less and modifications are desired to be placed in effect, a new tariff must be issued. In the case of large schedules, however, supplements may be acceptable for filing.

(f) Schedules and supplements shall be filed in consecutive numerical order of P. S. C. Or. (Public Service Commission of Oregon) numbers; that is to say, when a new schedule is issued following or cancelling the one in existence, the P. S. C. Or. number shall be the next higher. Supplements to a new tariff shall begin again with No. 1, and shall be designated "Supplement No. 1 to P. S. C. Or. No. 1," or whatever numbers may be correct.

(g) Schedules for filing and correspondence relating thereto should be addressed to the Public Service Commission of Oregon at Salem, Oregon.

#### STATUTORY NOTICE TO BE REQUIRED

##### III

(a) Statutory notice to the public and to the Commission is required as to every schedule publication filed by a utility with the Commission, unless such



utility is authorized formally by the Commission to make such publication effective on less notice.

(b) No schedule or supplement will be accepted for filing unless it is delivered to the Commission free of all charges or claims for postage, and on a date which will allow full statutory notice.

(c) In order that a utility may be informed as to the filing of a proposed tariff, it is suggested that an acknowledgment of its receipt by the Commission be requested. In this case, the utility should forward its letter of transmittal in duplicate with a stamped addressed envelope for response.

#### STATUTORY NOTICE DEFINED

##### IV

(a) Except as authorized by these rules or by special permission of the Commission, the earliest date on which a schedule may be made effective is ten days after filing, excluding the day on which such schedule is filed.

For example, a schedule received at the office of the Commission on the first of the month will not be effective until the eleventh. If a schedule reaches the office of the Commission on Sunday, or a holiday, it will be considered as received the following office day.

#### REQUESTS FOR PERMISSION TO ISSUE, AMEND OR WITHDRAW SCHEDULES ON LESS THAN STATUTORY NOTICE

##### V

(a) Schedules filed with the Commission can not be withdrawn, canceled, reissued or amended until they have been in effect ten days, except by special permission of the Commission.

(b) Application for permission to change schedules on less than statutory notice must be in writing, and must plainly specify the reasons for such change. Applications received by telegraph will be considered, but should be confirmed by mail.

#### STYLE, FORM AND SIZE OF SCHEDULES

##### VI

(a) All schedules must be in sheet, pamphlet or book form. Loose leaf plan may be used to permit of changes being made by reprinting and inserting a single sheet.

(b) All schedules and supplements must be of size 8x11 inches.

(c) All schedules must be on hard calendered paper of good quality. If printed, the type should not be less than six point full face. Printing is preferred, but stereotype, planograph, neostyle, mimeograph, typewriting or other similar printing process may be employed if the copies are clear, firm and not subject to fading or blurring. Alterations in writing or erasures must not be made in schedules before filing; neither can corrections be made after filing, except by supplement or reissue.

(d) All tariff publications or supplements thereto must indicate increases or decreases made in existing rates or charges, rules or regulations, by the use of a uniform symbol, thus: A (for advance), R (for reduction), Addition (for rules added).

(e) The accompanying sample form must be followed in issuing schedules. The title page should be uniform and the rates, rules and regulations shown on reverse side. If a single sheet be insufficient, two or more pages should be used.

This order shall become effective November 1, 1918.

NORTH COAST POWER COMPANY, a corporation, Plaintiff,	} No. U-F-186
v.	
CITY OF HILLSBORO, OREGON,	Defendant.

(ORDER ENTERED SEPTEMBER 30, 1918.—P. S. C. ORDER NO. 451)

This proceeding is before the Commission on the application of the North Coast Power Company, a corporation, organized and existing under the laws of the State of Washington, and engaged in the operation of several and various electric and water utility properties in the states of Oregon and Washington, for an order setting aside the provision of its franchise held from the city of Hillsboro, Oregon, requiring that after the 14th day of May, 1917, it shall furnish that municipality with fire hydrants and water therefor free of charge.

After its organization in 1915 the North Coast Power Company assumed control of property previously operated by the Washington-Oregon Corporation, a concern at that time in bankruptcy. On May 14, 1912, the city council of the city of Hillsboro passed Ordinance No. 384, granting to the above Washington-Oregon Corporation a franchise—

"To erect, construct, operate and maintain within the corporate limits of the city of Hillsboro a system of waterworks and water pipes for supplying the said city and the inhabitants thereof with water, and permission to lay, maintain and use water mains, pipes and appurtenant fixtures in, under, through, along and across all public streets."

On May 23, 1912, this ordinance was approved by the mayor and thereafter accepted by the Washington-Oregon Corporation. Section 13 of said Ordinance No. 384 provides as follows:

"The grantee shall also install, free of cost to the city of Hillsboro, as many single or double fire hydrants, of standard make and size, as shall be ordered by such city, at such places as the city may hereafter designate, and shall maintain and keep the same in repair. The city shall pay the grantee, for a period of five years from the date of acceptance of this ordinance, a rate of \$1.00 per calendar month for each fire hydrant installed and maintained in said city, and after said five year period expires grantee shall maintain all hydrants, and install and maintain new hydrants, free of all cost to the city."

Thereafter the city council passed and the mayor duly approved several other ordinances altering in some particulars the terms of Ordinance No. 384, but in no way affecting the provisions above quoted. In 1915 the North Coast Power Company received by assignment the above franchise with all such modifications and additions as may have been subsequently established by additional ordinances.

The applicant is now before the Commission praying that the requirement for giving free fire service for the city of Hillsboro be set aside, and that in place thereof reasonable rates be established for that service. Since the question has been raised as to authority which the Commission might have to regulate rates agreed upon with the city by the applicant's predecessor company in a contract for municipal service, we deem it advisable to briefly discuss this phase of the question.

In this connection it must be considered that the Public Utility act prohibits every public utility from —

- (1) Imposing or collecting any unjust or unreasonable charges for its service;
- (2) Maintaining unjust discriminations.

A charge for service might be reasonable as to some particular person and yet unjustly discriminatory, for it might be in excess of the rate charged to some other person for a like and contemporaneous service under substantially similar circumstances. On the other hand, the rate might be unreasonable and yet not unjustly discriminatory, for all users under substantially similar circumstances might be charged the same rate for a like and contemporaneous service. Section 7 of the Public Utility act provides as follows:

"Every public utility is required to furnish adequate and safe service, equipment and facilities, and the charges made by any public utility for any heat, light, water or power produced, transmitted, delivered or furnished, or for any telegraph or telephone message conveyed, or for any transportation of persons or property by street railroad, or for any service rendered or to be rendered in connection therewith shall be reasonable and just, and every unjust or unreasonable charge for such service is prohibited and declared to be unlawful."

In the section just quoted the requirements as to adequate service and reasonable rates are set forth with no exceptions therein made in favor of service rendered or to be rendered to a municipality as such. Further, the provisions of the act relating to unjust discriminations prohibit public utilities from, directly or indirectly, charging, demanding, collecting or receiving—

"From any person, firm or corporation a greater or less compensation for any service rendered or to be rendered by it \* \* \* than it charges, demands, collects or receives from any person, firm or corporation for a like and contemporaneous service under substantially similar circumstances."

In Section 63 of the Public Utility act it is provided that—

"Nothing herein shall prevent the transportation of persons or property or the production, transmission, delivery or furnishing \* \* \* water \* \* \* free or at reduced rates for \* \* \* any municipality thereof, \* \* \*."

As pointed out earlier herein, there appears to be a distinction between the reasonableness of rates and unjust discrimination in rates. It might be that the utility is willing to furnish service to the municipality at a reduced rate or free, but by so doing it risks a loss, for it is required to give adequate service at reasonable rates to its other patrons. Just so long as its service furnished to other users is adequate, and the rates therefor are reasonable, those other users can not complain if the utility furnishes free service to the municipality, for such service does not come under the designation of unjust discrimination as defined by the act.

In connection with the system established by the provisions of the franchise already noted, the Commission desires to direct attention to the apparent injustice which might result should the Commission be able to take no action in any case to require the city to pay for the service rendered to it by the utility. In the city of Hillsboro, as in every municipality, benefits derived from the service given the city by the utility are enjoyed by a large amount of property subject to general taxation, a considerable portion of which in no way, or at best, to but a small and disproportionate extent, contributes to the cost of the service from which these benefits are derived. Such property consists of that held by nonresident owners and by others who contribute nothing or but a small amount to the revenue of the company through rental of domestic or commercial water service. This condition will be found except in those instances where a reasonable rate is paid for the service and assessed against the property through the medium of a general tax. Unless all property is so made to contribute its fair share to the cost of such fire service, the burden of paying for the same must ultimately fall upon other users of water, either (1) through the effect of rates increased above normal to produce revenue sufficient to enable the company to continue operations and supply adequate and reasonable service not only to those citizens and property owners who pay directly for the service received, but also to those who, through the absence of proper rate adjustment, pay nothing for the benefits they derive from the operation of the system; or (2) through the effect of inadequate and unstable service liable to be furnished by the utility endeavoring to operate without sufficient revenues to properly maintain the system and without power to satisfactorily finance the extension of the service.

As a matter of equity this Commission can not approve the furnishing of water below cost to any customer, whether it be the city or any other private or public individual or corporation. Each such customer, together with every other user of the service, should pay a reasonable consideration for that which he receives. The taxpayer has a direct interest in the operation of this utility which is not identical with that of the consumer of water. Whether the product is furnished by the municipality or by a private corporation, this principle must be recognized by every city if adequate service and nondiscriminatory rates are to be obtained for its citizens.

The Commission believes, if an investigation of the facts discloses the inability of the company to furnish proper service at reasonable rates and to continue to furnish free fire hydrants and water therefor to the city of Hillsboro, that it may properly and without exceeding its jurisdiction require the city to pay a fair rate for that service.

The company has a total authorized issue of capital stock amounting to \$1,750,000.00, consisting of \$550,000.00 common and \$1,200,000.00 preferred. The entire amount of both classes has been issued and is now outstanding.

In addition to the capital stock liability, the company has funded debt as follows:

Security	Authorized	Outstanding June 30, 1916	Outstanding Dec. 31, 1917
General lien and income bonds, dated Nov. 1, 1915; due April 1, 1941 .....	\$675,000.00	\$633,100.00	\$633,100.00
Prior lien 20-year 6 per cent bonds, dated Nov. 1, 1915; due Nov. 1, 1935 .....	917,000.00	126,000.00	200,000.00
Underlying 25-year 6 per cent bonds, dated Jan. 1, 1910; due Jan. 1, 1935 .....	350,000.00	324,000.00	323,000.00

The utility, since the beginning of its development some score or more years ago, has been transferred through the hands of several owners and was purchased in 1911 by the Independent Electric Company, afterwards absorbed by the Washington-Oregon Corporation. This latter corporation failed to meet the

interest due on its first mortgage bonds, and was placed in the hands of a receiver on July 31, 1914, to remain until August 31, 1915. On that date the properties were sold under foreclosure proceedings to the North Coast Power Company, which in the meantime had been organized from the secured creditors of the defunct corporation to bid for the property. The transactions at that time covered all the various holdings, and the record does not disclose the exact relation of the liabilities above listed to the particular utility under investigation, nor is any evidence available as to the original cost of the entire so-called "Water System of the Tualatin Valley."

For the company, J. L. Stannard, engineer, submitted an appraisal of the property owned by it in connection with the furnishing of water service in this territory. The values derived by Mr. Stannard are represented to be the result of both the "historical" and "reproduction cost" methods of property appraisal. It appears that a large amount of the total investment in the property has been made by the North Coast Power Company and its immediate predecessor, and that the accounts for the construction exist in such condition as to enable ready determination of actual cost on those portions of the property constructed recently. In those cases where original actual cost was not available, the estimate was based upon the application of unit prices derived from fairly representative costs encountered by the company in its reconstruction work. It appears that the values are not affected by the abnormal price and market conditions existing during the past few years, and the witness testified that the cost under such abnormal conditions might be fifty per cent higher than the estimate. No definite amount was claimed by the company's engineer as an allowance for value arising from the cost of developing the project into a going concern with an attached business, although it is claimed that losses from this source have certainly been encountered and might justly be allowed.

The estimated cost and present value submitted by the applicant for its property devoted to water service in the Tualatin valley is set out in the following table:

## VALUATION BY J. L. STANNARD FOR COMPANY

Item	Cost	Present value
1 Water rights .....	\$ 11,000.00	\$ 11,000.00
2-5 Land .....	4,559.00	4,559.00
6 Old pumping location (nonoperating) .....	600.00	600.00
7 Dam .....	2,350.00	2,331.00
8 Reservoir .....	7,500.00	7,500.00
9 Office building, wooden .....	200.00	160.00
10 Shop building, tile .....	667.00	667.00
11 Pumps and motors (nonoperating, salvage value) .....	2,225.00	2,225.00
12 Transmission mains—Sain creek to Base Line road .....	51,821.00	45,522.00
13 Transmission mains—Forest Grove to Hillsboro.....	21,991.00	18,484.00
14-30 Distribution mains .....	24,642.00	21,827.00
31-33 Valves and fittings .....	1,149.00	1,130.00
34 Services, Hillsboro .....	1,888.00	1,691.00
35 Services, country .....	177.00	162.00
36 Hydrants, Hillsboro .....	1,650.00	1,573.00
37-38 Meters and boxes, Hillsboro .....	5,482.00	4,204.00
39 Meters and boxes, country .....	875.00	764.00
40 Meter supplies .....	91.00	91.00
41 Tools (present value) .....	279.00	279.00
42 Furniture (present value) .....	225.00	225.00
43 Stores and supplies .....	1,163.00	1,163.00
<b>Total equipment .....</b>	<b>\$140,534.00</b>	<b>\$126,157.00</b>
44 Incidentals, 5 per cent on 1 to 40, except 8, 10, 12, 13 .....	2,917.00	2,625.00
46 Engineering and superintendence, 5 per cent on items 1 to 44, except 1, 8, 10, 12, 13, 42.....	2,513.00	2,262.00
47 Legal and administrative expense, 3 per cent of items 1 to 46 .....	4,372.00	3,935.00
48 Contract premium on bonds .....	900.00	810.00
49 Interest during construction, 3 per cent.....	4,530.00	4,077.00
<b>51 Working capital .....</b>	<b>\$159,046.00</b>	<b>\$139,646.00</b>
<b>Grand total .....</b>	<b>\$155,546.00</b>	<b>\$139,646.00</b>

An independent investigation was also conducted by the Commission's engineering department for the purpose of obtaining an inventory and establishing the value of the property and verifying in general the various statements and results submitted for the company by Mr. Stannard and by its auditor and other officials. Field inventory work and an analysis of the records of the company discloses the substantial accuracy of the values given by Mr. Stannard for all purposes of the property upon which actual construction costs were available. The Commission's engineers made no calculation for the value of water rights. A comparison of the estimates on distribution mains which involves the only appreciable difference in the two estimates, is here shown:

## COMPARATIVE APPRAISALS OF DISTRIBUTION MAINS

Item	Size (inch)	Quantity feet	Unit cost		Total cost by company	Reproduction cost by Com. engineers
			Co.	Com. Eng.		
Pipe, galvanized .....	¾	10,666	.132	.120	\$ 1,408.00	\$ 1,280.00
	1	6,087	.159	.142	968.00	864.00
	1½	3,450	.197	.172	680.00	593.00
	1½	240	.220	.180	53.00	43.00
	2	7,256	.274	.204	1,988.00	1,480.00
Pipe, black .....	1	714	.137	.125	98.00	89.00
	1½	44	.184	.162	8.00	7.00
	4	430	.524	.441	225.00	189.00
	6	3,100	.875	.745	2,712.00	2,310.00
Pipe, O. D. ....	2	3,082	.286	.170	881.00	524.00
	4	12,312	.402	.402	4,949.00	4,949.00
	6	1,702	.574	.574	977.00	977.00
Pipe, Matheson .....	4	5,785	.415	.395	2,401.00	2,285.00
	6	4,562	.669	.604	3,052.00	2,755.00
Pipe, wood .....	4	9,069	.296	.272	2,684.00	2,267.00
	6	1,846	.397	.355	733.00	655.00
	8	1,500	.550	.481	825.00	721.00
Totals .....					\$24,642.00	\$21,988.00

Record shows that the difference existing between the engineers in appraising the distribution system consisted principally in the variation in prices adopted by each as the normal cost of materials. The difference as a percentage of the total value is small and its effect upon the determination of total value for the system may be considered as negligible. The Commission's engineers have also excluded from their estimates as being nonoperating property the items number 6 and 11 in the calculation of Mr. Stannard. The items cover pumping site and equipment withdrawn from service upon the extension of the gravity system and are not properly chargeable against the public service at this time.

Referring to water rights, it may be said that the theory upon which the value of \$11,000.00 is claimed by the utility is not regarded as infallible. This subject has many times been given detailed consideration by the Commission's previous orders (see California-Oregon Power Company Rate Case, P. S. C. Or. Order No. 211, and Portland Railway, Light and Power Company Valuation Case, P. S. C. Or. Order No. 92). Neither this question nor that of values due to the cost of developing the business will be further discussed here except to point out that reasonable allowances may be justly established for such elements and will be given full consideration in the findings hereafter set down.

From the record in this case the following statement has been obtained showing the financial results produced by the operation of the applicant's water utility at Hillsboro and vicinity over a period of four years:

## INCOME ACCOUNT

	Year ended				
	June 30, 1915	June 30, 1916	Dec. 31, 1916	Dec. 31, 1917	June 30, 1918 (6 months)
Operating revenues .....	\$11,077.52	\$11,084.42	\$11,271.45	\$11,857.35	\$ 5,717.69
* Operating expenses .....	7,370.21	7,710.06	8,004.56	7,883.96	3,654.48
Net operating revenue..	3,707.31	3,374.36	3,266.89	3,973.39	2,063.21
** Taxes .....	803.00	803.00	803.00	819.37	402.00
Uncollectible oper. rev..			50.56		
Operating income .....	2,904.31	2,571.36	2,413.33	3,154.02	1,661.21
Operating income in per cent of value determined .....	1.98	1.76	1.65	2.15	2.27

\* Includes estimated allowance for depreciation. \*\* Partially estimated.

The operations of the Tualatin valley water system of this company are carried only as an integral part of the entire operations of the concern. A balance sheet for the water utility is, therefore, not available, but comparative balance sheets for December 31, 1917, have been prepared from the record and are here shown:

## COMPARATIVE GENERAL BALANCE SHEET

ASSETS		Dec. 31, 1916	Dec. 31, 1917
Permanent and long term investments:			
Fixed capital installed prior to July 1, 1913.....		\$2,189,248.03	\$2,189,248.03
Fixed capital installed since June 30, 1913 .....		216,428.83	302,061.73
Miscellaneous .....		30,473.67	4,024.86
Going values, etc. ....		400,000.00	500,000.00
Investment securities .....		18,000.00	16,000.00
Working assets:			
Cash .....		21,531.97	34,553.26
Due from consumers and agents .....			
Employees' working funds .....		1,375.00	1,275.00
Marketable securities .....		8,000.00	10,500.00
Notes receivable .....		944.92	944.92
Miscellaneous accounts receivable .....		17,738.57	23,102.51
Other accounts receivable .....		16,253.56	12,070.30
Materials and supplies .....		17,119.70	19,738.16
Deferred debit items:			
Funds with trustee .....			7,961.52
Insurance and other reserve fund assets .....			
Prepayments .....		1,520.71	2,695.39
Unextinguished discount on capital stock .....			7,042.10
Other suspense .....		2,260.11	1,186.89
Total assets .....		\$2,940,895.07	\$3,132,404.67
LIABILITIES			
Stock:			
Capital stock .....		\$1,750,000.00	\$1,750,000.00
Long term debt:			
Funded debt .....		1,091,100.00	1,156,100.00
Working liabilities:			
Consumers' deposits .....		7,299.48	6,135.03
Miscellaneous accounts payable .....		10,028.17	14,680.95
Accrued liabilities not due:			
Taxes accrued .....		18,114.67	16,000.00
Advances made account extensions .....		7,411.32	6,336.09
Other accrued liabilities not due .....		1,260.00	2,000.00
Deferred credit items:			
Reserve for accrued depreciation .....		35,300.00	71,721.00
Reserve for bad accounts, etc. ....		2,443.12	2,343.98
Reserve for priority claims .....		4,807.26	4,707.26
Appropriated surplus:			
Other surplus reserved .....			2,090.00
Corporate surplus:			
Corporate surplus unappropriated .....		13,131.05	100,290.36
Total liabilities .....		\$2,940,895.07	\$3,132,404.67

After consideration of the foregoing findings, the present condition of the property, its existence as a complete operating unit with developed business attached, its requirements for working capital with which to properly conduct its business, and in view of all other facts and conditions relating thereto, it is determined that for the purposes of this investigation, i. e., the determination of the reasonableness of rates, the fair value of that portion of the property used, useful and necessary in the service of the public, upon which the company might be reasonably entitled to expect a return was, on June 30, 1916, the sum of \$146,455.00.

The sufficiency of return which can now be realized on the property by the applicant need not be discussed at length. An examination of the income accounts, with all due consideration given for abnormal conditions which may now exist or may have existed in the past, reveals the fact that a fair profit over and above operating expenses, taxes and depreciation is not possible with the demand for service, the cost of operation and the scheme of rates as they are.

The maximum annual return which was enjoyed during the four years ended June 30, 1918, was that from 1917 operations, which netted the company 2.15 per cent in excess of its expenses, depreciation and taxes. Records available for the first six months of 1918 indicate an available return for that period of 2.27 per cent. It is enough for us to say that such a low percentage of profit is unreasonable and not such as to enable the operators to maintain adequate service, preserve the integrity of the present investment, and continue to finance the development of the project as the demands of the public undoubtedly will require.

Nor can it be held against the company that the lack of return is entirely due to abnormal pressures arising from prevailing widespread war activities. It seems from a study of the record and such facts as are now at hand relative to past operations of the applicant that the normal tendencies of the influences of the times to depress the net earnings of such utilities has been unusually limited in its effect upon the applicant's net income, and that a substantially similar condition of shortage of return might be expected under normal circumstances.

The applicant is now furnishing water for domestic, fire and other purposes under the rates hereafter set down:

#### SERVICE IN HILLSBORO

##### Meter Rates—

First 3,000 gallons used per month .....	33 1/2c	per 1,000 gallons
Next 12,000 gallons used same month .....	20c	per 1,000 gallons
Next 10,000 gallons used same month .....	15c	per 1,000 gallons
All over 25,000 gallons used per month .....	10c	per 1,000 gallons

##### Minimum Monthly Charge—

For domestic purposes and livery stables .....	\$1.00
For water used in stores .....	.75
Water used in private barns, halls and offices .....	.50
Either the company or the consumer may insist on a meter.	

##### Flat Rates—

Water used for domestic purposes or livery stables .....	\$1.00 per month
Water used in stores .....	.75 per month
Minimum monthly charge .....	1.00 per month

##### Rates for Building and Construction—

Wetting brick per 1,000 .....	\$0.20
Cement walks, per 100 cubic feet .....	.50
Concrete work, per 100 cubic feet .....	.40
Lime, per barrel .....	.10
Cement, per barrel .....	.10
Stone work, per perch (16 1/2 cubic feet) .....	.10
Setting earth, per 100 cubic feet .....	.25
Plastering, per 100 square feet:	
One coat .....	.25
Two coats .....	.30
Three coats .....	.35
Steam engines, per horsepower per day .....	.05
Steam engines, per barrel .....	.05

##### Municipal Service (franchise requirements)—

Fire hydrants .....	No charge
Water for flushing sewers .....	10c per 1,000 gallons
Water for sprinkling .....	10c per 1,000 gallons

*Special Fire Service—*

2-inch standpipe, sealed for fire use only .....\$1.00 per month  
 Additional charge when seal is broken ..... 2.50

*Washington County Service (County road franchise requirement)—*

Water to be used in connection with the Washington county courthouse  
 and grounds not to exceed 50,000 gallons per month as per terms  
 of permit to occupy county roads .....No charge

In addition to the above rates for Hillsboro the company under certain franchise provisions supplies a small amount of water free or at reduced rates for city buildings' drinking fountains.

## SERVICE OUTSIDE OF HILLSBORO

*City of Cornelius—*

Under terms of franchise permitting occupancy of certain streets the company furnishes the city of Cornelius with water required for domestic, irrigation and fire protection at the rate of 4 cents per 1,000 gallons.

Minimum daily amount to be paid for, 50,000 gallons.

*Town of Gaston—*

Contract for all water needed by town of Gaston to be delivered at connection of pipe line of the town of Gaston with the transmission line of the company at a rate of 4 cents per 1,000 gallons.

Minimum monthly charge, \$30.00.

More than 85 per cent of the receipts are now derived from the Hillsboro commercial metered and flat rate services and less than 15 per cent of the total comes from the sale of water to the city of Hillsboro and other public consumers. Increased revenues should be provided to enable the company to properly meet its obligations to the public, and, unless such increase is directly attached to a fair extent to that service now being given without charge, the entire burden will fall upon the citizens of Hillsboro now individually enjoying the service of the company for domestic and other purposes. Any increase in the commercial meter or flat rates now in effect, if sufficient to offset the cost of the free fire service and provide the company with even a reasonably fair return upon the property, would be an unreasonable one to impose upon the private users of water. The imposition of such an increase of these rates would result in charges above those established generally in other communities for service of like quality under similar conditions and could not be justified either by the cost of the service to the company or its value to the customer. The establishment of such a condition might, we believe, tend to seriously disrupt the relations now existing between the company and its patrons.

The charges for all service other than fire hydrant service, in our opinion will, after some not extensive modifications, stand the test for reasonableness whenever it shall be applied. On the other hand, the fire hydrant rental now in effect will not permit such a conclusion from the standpoint of either cost to the company, franchise consideration or value of service to the general taxpayer, who reaps the benefit and should pay the price for such protection as his property receives.

In connection with the giving of special rates on account of franchise privileges granted, we consider it well to call attention to the fact that this Commission and other commissions and courts in general hold as a fundamental principle that a utility shall not be allowed to capitalize its privileges held from the public at more than the actual cost thereof. This policy eliminates the possibility of the company giving unreasonable consideration for such privileges and placing the burden thereof upon the ratepayers.

In view of these findings and the fact that the reduced earnings will seriously hinder the company in its ability to continue the operation and maintenance of a system adequate for the service of private users, it is determined that a reasonable fire hydrant rental should be ordered.

In the determination of such rental we find that the applicant's property is devoted to three somewhat distinct uses, as follow:

Service to the city of Hillsboro:

Service to other municipalities:

Service to individuals in rural communities.

That portion of the capital which is chargeable against the service in the city of Hillsboro is also chargeable between two distinct classes—public fire protection and all other use.



There were presented and are of record estimates based upon two theories as to the division of capital investment, operating expenses and fixed charges between the two classes. One by Mr. Stannard for the company considers fire service as a primary demand on an equal footing with all other uses to which the system may be put, and the other, by the Commission's engineer, considers all other use as the primary feature and fire service as an additional or secondary demand. While lengthy discussion will be omitted, the Commission in its findings will consider these matters fully, in connection with all and particular local conditions surrounding this case.

On the basis of 1916 operations under the method of calculation submitted by the company, the fire service in the city of Hillsboro is held responsible for 27 per cent of the total investment in the entire physical plant and the annual operating charges, exclusive of fixed charges on the securities of the company, are distributed as follows:

#### FIRE SERVICE AS PRIMARY USE

	Private	Public	Total
Water supply expense .....	\$ 248.94	\$ 63.00	\$ 311.94
Distribution expense .....	1,016.70	296.17	1,312.87
General expense .....	2,060.52	763.00	2,823.52
Depreciation .....	2,699.25	862.22	3,561.47
Taxes .....	586.00	217.00	803.00
Totals .....	\$6,611.41	\$2,201.39	\$8,812.80

Carrying the theory presented by the Commission's engineers to its logical conclusion by considering fire service as a secondary or additional use, and assessing against it a portion of the intake equipment to reservoir not so assigned by the company, results in charging the fire service in the city of Hillsboro with approximately 17 per cent of the total investment in the entire physical plant. The distribution of operating charges under this theory is as follows:

#### FIRE SERVICE AS SECONDARY USE

	Private	Public	Total
Water supply expense .....	\$ 251.94	\$ 60.00	\$ 311.94
Distribution expense .....	977.54	232.86	1,312.87
General expense .....	2,240.53	583.00	2,823.52
Depreciation .....	3,012.36	549.11	3,561.47
Taxes .....	666.00	137.00	803.00
Totals .....	\$7,148.37	\$1,562.97	\$8,812.80

Unless additions are made to the water supply and transmission equipment, the elements in cost of fire service arising from the operation and maintenance of such equipment will not vary during the normal development of a community and ordinarily a fixed sum might be equitably assessed to cover these costs without regard to the number of hydrants in use. Other costs, including those related to excess size of distribution mains and to the hydrants themselves, are more nearly proportional to the number of connections and should be covered by a charge per hydrant.

In view of the particular conditions surrounding this instance, we believe the necessity for such a division in the rate is not appreciable. Both divisions of cost will be assessed against the present connections on a per hydrant basis. If in the future the demand for additional hydrants warrants, the rate structure should be revised to consist of a fixed charge to cover the supply and transmission costs, and in addition a per hydrant charge to cover only those costs varying on such a basis.

The value of the property assignable to fire service in its present condition is, in our judgment, \$25,000.00, and a fair rate which the city should pay for the use of such property and for the payment of the cost of such service is for the existing installation \$3.50 per hydrant per month.

IT IS, THEREFORE, ORDERED that the North Coast Power Company be and hereby is authorized to discontinue free hydrants and water therefor to

the city of Hillsboro for fire protection purposes, and that in lieu thereof it shall charge for such service at the rate of \$3.50 per month per hydrant now connected for said city of Hillsboro.

A reasonable date for this order to become effective is November 1, 1918.

In the matter of the application of THE VENETA TIMBER PRODUCTS COMPANY for a franchise for floating, driving catching, booming, sorting, rafting, holding and handling logs, lumber and other timber products on Coyote creek, in Lane county, Oregon. } No. L-F-16

(ORDER ENTERED OCTOBER 30, 1918.—P. S. C. ORDER NO. 457)

This matter came on regularly for hearing before the Commission at Eugene, Oregon, on Tuesday, the 22d day of October, 1918, at the hour of 1:30 o'clock p. m., upon the application of The Veneta Timber Products Company for a franchise to float, drive, catch, boom, sort, raft, hold and handle logs, lumber and other timber products in the waters of Coyote creek in Lane county, Oregon. The applicant appeared by J. M. Devers, its attorney, and O. H. Foster appeared on behalf of W. H. Cannady and Edgar Hannon. At this time and place testimony and evidence was offered and received on behalf of the applicant and all interested parties appearing.

After due consideration of the testimony introduced, the proceedings filed and the entire record herein, the Commission, being fully advised, now makes the following findings:

### III

That the waters covered by the application, and upon which a franchise is asked, are described as follows:

On Coyote creek from a point on the west half of Section 35, Township 17 south, Range 5 west, Willamette meridian; thence across a portion of Section 2, Township 18, said range; thence through Section 11 and the northwest quarter of Section 14 and the southeast quarter of Section 15, the northwest quarter of Section 22 and the north half of Section 21, and through the east half of Section 29, and the northeast quarter of Section 32, the south half of Section 33, all in Township 18 in said range; also through a portion of the northeast quarter of Section 4, and the west half of Section 3, the east half of Section 10, the east half of Section 15, the north half of Section 23, the south half of Section 24, and the east half of Section 25, all in Township 19 south, Range 5 west of Willamette meridian, in Lane county, Oregon.

Based upon the foregoing findings the Commission makes the following conclusions:

First. That the applicant, The Veneta Timber Products Company, is such a corporation as is contemplated by the provisions of Chapter 128 of the Laws of Oregon for 1917.

Second. That the best interests of the public will be served by granting the franchise to the applicant company for floating, driving, catching, booming, sorting, rafting, holding and handling logs, lumber and other timber products for hire upon the portion of Coyote creek hereinbefore in Paragraph VI hereof found to be susceptible of practicable improvement; and for the improvement of said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917.

Third. That the improvement of that portion of Coyote creek lying and being between the sawmill of W. H. Cannady and a point one and one-half miles above said mill on said stream should be completed on or before the 15th day of December, 1918, and that eighteen months from and after the service of a copy of this order upon the applicant is a reasonable time within which the improvement of the entire portion of the stream upon which a franchise is granted should be completed.

Now, therefore, based upon the foregoing findings and conclusions,

IT IS ORDERED that there be and is hereby granted to The Veneta Timber Products Company a franchise, right and privilege for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs, lumber and

other timber products along and upon Coyote creek from a point in the northwest corner of the southwest quarter of Section fourteen (14) of Township nineteen (19) south, Range five (5) west, Willamette meridian, and a point in the northwest quarter of Section thirty-five (35), Township seventeen (17) south, Range five (5) west, Willamette meridian, where said stream is crossed by the Coos Bay branch of the Southern Pacific Company, all in Lane county, Oregon; and that the said The Veneta Timber Products Company be and it is hereby granted a franchise to improve said portion of said stream by the means and in the manner prescribed by Chapter 128 of the Laws of Oregon for 1917, subject to the following conditions and restrictions:

That the granting of this franchise shall not be construed as permitting The Veneta Timber Products Company to take, damage or injuriously affect the property or property rights of individuals, firms, corporations or associations in or along the portion of the stream included in the franchise, without first compensating such individuals, firms, corporations or associations for the property or property rights so taken or injuriously affected; and

Provided that The Veneta Timber Products Company and its successors and assigns in interest, in operating under this franchise shall not interfere with the construction, when justly compensated, or with the maintenance or operation of any dam or power works constructed in said stream for the purpose of supplying the public with electric energy; and

Provided, also, that The Veneta Timber Products Company shall on or before the 15th day of December, 1918, complete the improvement of that portion of Coyote creek lying and being between the sawmill of W. H. Cannady, in the northeast corner of the southwest quarter of Section 29, Township 18 south, Range 5 west, and a point on said stream one and one-half miles above said mill; and that the improvement of the entire portion of said Coyote creek upon which a franchise is hereby granted shall be completed within a period of eighteen months from and after the service of a copy of this order upon the applicant.

Provided further that, before proceeding with the work contemplated by this franchise or exercising the rights herein granted, the applicant shall file with the Commission a good and sufficient indemnity bond issued by a reliable surety company operating within the State of Oregon, in the amount of five thousand dollars, such bond to be so conditioned that any individual, firm, corporation or association suffering any loss or damage either to itself or property, by reason of the acts, operations or defaults of the applicant, may bring suit or action against the principal and surety or sureties on such bond for the damage so suffered, and to be further conditioned that the surety or sureties on said bond shall be liable in the same manner and to the same extent as the applicant company, such bond to be approved by the Commission.

That the applicant company shall, prior to causing artificial floods on said Coyote creek by the use of splash dams, cause to be posted at frequent intervals and in conspicuous places along the course of said stream, a good and sufficient notice of such a character as to be readily observed, warning the public that such stream is being logged and artificially flooded at intervals, stating, if possible, the time when such floods may be expected and the approximate height of the crest thereof.

That the said The Veneta Timber Products Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the floating, driving, catching, booming, sorting, rafting, holding and handling of logs or other forest products, and any service in connection therewith which it has established, and shall, within ten days from and after the service of a copy of this order upon it, file with the Commission its acceptance of the terms hereof. Schedules shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service.

Failure to file the schedules, acceptance of franchise, or surety bond herein provided for, or any or either or all of them, shall render this franchise null and void and of no effect.

The rights herein granted are subject to the rules and regulations of this Commission now adopted and in force, or hereafter promulgated; and subject to the jurisdiction of this Commission and its right to impose such other and further conditions and restrictions as in its judgment may be deemed necessary from time to time, which jurisdiction and right are hereby expressly reserved and retained.

In the matter of declaring an emergency, and fixing temporary distance, class and commodity rates for the transportation of freight between points on the line of the SUMPTER VALLEY RAILWAY COMPANY. } No. F-783

(ORDER ENTERED NOVEMBER 1, 1918.—P. S. C. ORDER NO. 458)

It appearing to the Commission, after extended informal investigation and conferences with officials of the Sumpter Valley Railway Company and mediators of the United States government, and information from various industries and patrons of said railroad, transmitted by wire and otherwise, that, by reason of extensive increases in the cost of operation, the net revenues of said company have been materially reduced and its financial condition seriously impaired; and

It further appearing that the existing intrastate rates for the transportation of freight on said line of railroad are entirely inadequate, unreasonable and are not producing a sufficient return to preserve the financial integrity of this company; and

It further appearing that the said railroad company is now being threatened with serious labor troubles, by reason of its inability to meet the demands of its employes for increased wages, and that a strike is now impending, the result of which strike, if carried out, would be to seriously impede, if not entirely destroy, certain lines of business, and particularly the lumber industry; and

In view of these and other facts developed from the conferences and investigation had and made herein, it now appears to the Commission that in order to prevent injury to the business or interests of the public, and the Sumpter Valley Railway Company, and sufficient grounds having been shown to exist to warrant the Commission in declaring an emergency, as provided for in Section 6937 of Lord's Oregon Laws;

IT IS, THEREFORE, ORDERED, CONSIDERED AND DETERMINED that an emergency does and is hereby declared to exist, and by and under the authority granted in said Section 6937, it is

ORDERED that the Oregon intrastate rates set forth in Sumpter Valley Railway Company Local Freight Tariff No. 46-B, P. S. C. Or. No. 46, be and the same are hereby amended to conform to and accord with those rates set out in a certain tariff furnished to this Commission for its information by the United States Railroad Administration under General Order No. 28 of the director general, which tariff is designated as Sumpter Valley Railroad Company Local Freight Tariff No. 56-D, I. C. C. No. 35.

IT IS FURTHER ORDERED that said rates so set out in said Tariff No. 46-D, I. C. C. No. 35, be and they are hereby established, authorized and adopted by this Commission as and for the legal rates and charges to be charged, imposed and collected by the said Sumpter Valley Railway Company on its Oregon intrastate business, to be effective on and after this date and until otherwise ordered by this Commission, and said Sumpter Valley Railway Company is hereby authorized, instructed and required to file a tariff in accordance with the terms hereof within fifteen days from and after the service of a copy of this order upon it.

In the matter of the application of the DRAIN WATER COMPANY for authority to increase rates. } No. U-F-219

(ORDER ENTERED NOVEMBER 4, 1918.—P. S. C. ORDER NO. 459)

This matter is before the Commission upon the application of the Drain Water Company for authority to increase its rates applicable to railroad water tank and depot service in the city of Drain, Oregon.

Since the filing of the application herein the applicant has entered into a contract with the Southern Pacific Company, to whom the service under consideration is furnished, wherein it is agreed, among other things, that said Southern Pacific Company will pay to the applicant company for the water furnished to it at its depot and water tank in the city of Drain, Oregon, a monthly rental of \$75.00.

It now appearing that the increased rate applied for is satisfactory to all parties concerned, and it further appearing that such rate is not an unreasonable one for the service rendered,

IT IS ORDERED that the application herein be and it hereby is allowed, and the applicant permitted to charge, impose and collect in the future a monthly rate of \$75.00 for depot service and railroad water tank service in the city of Drain, Oregon.

In the matter of the petition of various residents of Rex, Chehalem, Sherwood and Newberg *re* inadequate train service furnished by SOUTHERN PACIFIC COMPANY'S electric line between Portland and Newberg, Oregon. } No. F-741

(ORDER ENTERED NOVEMBER 4, 1918.—P. S. C. ORDER NO. 461)

This matter is before the Commission upon the petition of a number of residents of Rex, Chehalem, Sherwood and Newberg, seeking relief from alleged inadequate train service and improper fares offered to and imposed upon its patrons by the Southern Pacific Company, between Portland and Newberg, Oregon, and intermediate points.

It now appearing from the record that subsequent to and in conformity with its statement made at the time set for hearing, the respondent company submitted to this Commission its proposed schedule of train service between the points set out in the petition herein, and the petitioners having made no objection to said proposed schedule, although given full and ample opportunity to do so: and said petitioners having failed to appear at the hearing had herein and having failed to produce any testimony in support of their petition,

IT IS, THEREFORE, ORDERED that this matter be and the same is hereby dismissed without prejudice.

In the matter of the application of the NEHALEM TELEPHONE AND TELEGRAPH COMPANY for authority to increase rates. } No. U-F-226

(ORDER ENTERED NOVEMBER 19, 1918.—P. S. C. ORDER NO. 463)

The application of the Nehalem Telephone and Telegraph Company for an increase in its party line rates from \$1.50 to \$2.00 per month came on regularly for hearing before the Commission on August 23, 1918, at the city hall of Nehalem, Oregon.

On the date of hearing the applicant was serving a total of eighty-three stations, forty-three of which were upon foreign lines not owned by it. Of the two foreign lines connected and receiving switching service through the applicant's exchange, one is operated in the town of Nehalem and vicinity, and the other principally in the town of Wheeler, the latter being owned by Walter J. Meade, who is also secretary of the applicant company and manager of its business.

In addition to the local exchange service offered through the applicant's exchange, there is also a connection with the toll lines of the Pacific Telephone and Telegraph Company, maintained and operated by Mr. Meade, under a private contract with that company. This long-distance business has brought no revenue to the applicant, the commissions obtained from it going directly to the manager, and considered by him as a portion of the compensation he should receive for his services. The amount actually obtained from this source, together with such other compensation as has been received by him, is not more than should be expected for such service as is rendered.

In its petition the applicant submitted the following as its monthly revenues:

47 company subscribers at \$1.50 per subscriber .....	\$70.50
Switching service on Wheeler line at 50c per subscriber .....	10.00
Switching service on Nehalem line at 50c per subscriber .....	9.50
Total .....	\$90.00

Subsequent to the date of application the revenue from company subscribers was reduced by the disconnection of several stations refusing to continue service under the possibility of increased rates. The revenue from foreign-line switching service was at the same time increased by the agreement of those lines to advance their rate from 50 cents to \$1.00 per subscriber, per month. Under those changed conditions the revenue at the date of hearing was \$103.00 per month.

Service is maintained by two operators, and with the present wage requirements under the orders of the Industrial Welfare Commission each operator receives approximately \$48.00 per month. From the testimony offered the detailed operating expenses appear to be as follows:

Operators' wages .....	\$96.00
Rent .....	5.00
Light and water .....	3.00
Taxes .....	2.00
Switchboard batteries .....	2.40
Manager .....	10.00
Maintenance expenses .....	No record
Depreciation .....	No record
Heat .....	No record
Stationery and supplies .....	No record

The revenues in the past have not been sufficient to allow the secretary and manager to draw the nominal salary allowed him. Taxes have been unpaid for long periods and the lines of the company are in a dilapidated condition because no money has been available for required maintenance and replacement work. The manager has also made advance from his personal funds for stationery and supplies and heat for the exchange office.

From a consideration of these facts it can be readily seen without the necessity for a valuation of the property that under the present rates sufficient revenue can not be obtained from the available business to pay reasonable expenses and maintain the lines in workable condition.

In this territory the market for telephone service is limited and as in all such cases its development on a commercial basis surrounded with difficulties. After a consideration of suggested modifications in the division of expense between the various classes of service, no practical solution other than an increase in rates suggests itself as a remedy for the present situation and a means whereby the central exchange can be continued on the present basis and adequate service provided.

The record shows that the present plan of unlimited party line operation has resulted in a considerable impairment of the service on some portions of the system on account of the heavy traffic imposed upon the lines by three logging camps. This traffic, together with the long distance business originating from the same sources, has a tendency to monopolize already overloaded circuits to the detriment of the occasional users.

While it may be the responsibility of a utility occupying a particular field to supply all applicants for service therein where the demand is reasonable, it is primarily important that the service to existing customers shall be protected against any unreasonable requirements that might arise from new business. In the case of the three logging camps to which reference has been made, the demand for service, both local and long distance, is such that an attempt to satisfy it with existing equipment designed primarily for other purposes prevents the giving of adequate service to other patrons on the lines. Also the providing of additional facilities for handling such business without impairing the service generally, might, under the particular conditions, be an unreasonable burden to expect the utility to bear.

Under such circumstances we are of the opinion that the company would be justified in insisting upon a reasonable agreement with the customers making such unusual demands, for the construction of lines or for such other assistance in the provision of additional equipment as may be found necessary in meeting the particular conditions. The applicant herein will be expected to take such steps as may be reasonably required to provide adequate service on those portions of the system affected by the unduly heavy traffic from the logging developments.

A considerable decrease in stations connected is shown to have resulted from the attempt of the management to enforce a \$2.00 per month rate prior to obtaining authority from the Commission, and, from the testimony offered, we believe the maximum revenue will not be obtained if the rate is above \$1.75 net per month for residence service.

Under the present tariff no distinction in rates is made between residence and business service and without such a distinction we believe unjust discrimination is certain. It is also found that the instruments are in each case owned and maintained by the subscriber. This latter practice is contrary to the provisions of the act, which denies the utility the privilege of requiring the ownership of facilities by the customer, and provides that where such privately owned equipment is used a reasonable rental shall be paid therefor. The rates hereafter determined will include a differential between the two distinct types of service and a provision for the payment of such rentals.

Just, reasonable and not unjustly discriminatory rates for the applicant to charge for its service are as follows:

Party line, residence rates .....	\$2.00 per month
Party line, business rates .....	2.50 per month

These rates contemplate the ownership and maintenance of all telephone instruments by the company. In every instance where the instrument is owned by the subscriber, the company will pay a rental of 25 cents per month, or \$3.00 per year, for the use and maintenance thereof.

After consideration of these findings the entire record and all pertinent facts in connection with this case,

IT IS ORDERED that the Nehalem Telephone and Telegraph Company be and the same hereby is authorized to discontinue its present rates and to establish in lieu thereof those hereinbefore found to be reasonable; provided that the rates so found shall be considered as maximum rates and that nothing herein shall be construed to prevent the utility from reducing the same so long as such reduction does not produce unjust discrimination between subscribers.

A reasonable date for this order to become effective is December 1, 1918.

In the matter of the rates, charges and regulations of  
the PACIFIC TELEPHONE AND TELEGRAPH COMPANY. } No. U-F-117  
(Investigation on Commission's own motion.) }

(ORDER ENTERED NOVEMBER 19, 1918.—P. S. C. ORDER NO. 468)

It appearing to the Commission that on November 4, 1918, there was filed by the Pacific Telephone and Telegraph Company a schedule of increased rates and charges proposed by said company to be imposed upon and collected from its patrons for telephone service in the State of Oregon on and after November 15, 1918,

And it further appearing from a communication to this Commission from Charles H. Carey, attorney for the Pacific Telephone and Telegraph Company that said rates so proposed are not intended to become effective otherwise than because of the authority of the postmaster general of the United States, and that said proposed rate schedule can not become effective under or by virtue of the state statute, for the reason that no application has been made as provided by the Public Utility act of the State of Oregon, which communication states as follows:

"that the new rates which were filed by the company with the Public Service Commission on the 4th day of November, effective as of date, November 15, were so filed under direct authority of the postmaster general of the United States, who is operating the telephone lines. The company is merely the agent of the government in performing this duty. It is not the intention or the purpose of the company to claim that these rates become effective otherwise than because of the authority of the postmaster general, or that they will be effective after the end of government control, unless under the authority of the Public Service Commission."

Based upon said communication and the Public Utility act,

IT IS HEREBY ORDERED that said schedules filed by the Pacific Telephone and Telegraph Company on November 4, 1918, be and the same are declared of no force and effect.

IT IS FURTHER ORDERED that the only exchange telephone rates of the Pacific Telephone and Telegraph Company in the State of Oregon at the present time under and by virtue of the Public Utility Act are those shown in the schedules on file with the Commission prior to November 4, 1918.

In the matter of the electric lighting, heating and power rates of the PORTLAND RAILWAY, LIGHT AND POWER COMPANY, a corporation. } No. U-F-47

(ORDER ENTERED NOVEMBER 19, 1918.—P. S. C. ORDER NO. 469)

### MODIFICATIONS OF FINDINGS OF VALUE

This is a modification of the findings of value issued by the Public Service Commission of Oregon on the 30th day of April, 1917, for the utility property of the Portland Railway, Light and Power Company. It is made after consideration of additional testimony submitted by the company and by the city of Portland at hearings concluded on September 25 and October 14, 1918, in the investigation respectively of the interurban passenger fares and the power rates of the utility, and after a further analysis of the apportionment of values between the interurban railway properties and the hydro-electric properties of the company by the Commission.

In the decision issued on April 30, 1917, the Commission determined among other things that, as of December 31, 1916, the fair values for rate making purposes of the electric utility and railway properties of the company were as follow:

#### *Railway Division:*

Interurban lines .....	\$ 8,925,650.07	
City lines .....	18,233,371.55	
Total railway .....		\$27,159,021.62

#### *Electric Utility Division:*

In Oregon .....	\$18,866,984.75	
In other states .....	625,168.31	
Total electric utility .....		19,492,153.06
Total railway and electric utilities .....		\$46,651,174.68

In segregating the findings then made between these two branches of service and their several divisions, an apportionment was effected between them of property and equipment commonly used. This item, generally referred to in the proceedings as pool power property, included portions of the landed, production, transmission, transformation, storage and distribution of capital necessary as an integral part of the joint operations, but not chargeable directly to any portion thereof.

In the words of the Commission in a later case, this method of separating the various subdivisions, each from the other:

"precludes the opportunity to create a false showing by book entries as to the operations of a particular branch of service. That is to say, no opportunity is afforded for interdepartment charges, such as the sale of current by the light and power department, which would result in a better showing for the one department at the expense of the other."

Witnesses for the city of Portland and for the company, in cases recently heard and referred to above, advanced the theory that, on account of particular adverse conditions surrounding the development of business on certain of the interurban railway lines of this company and on account of the fact that assistance in the construction of power plants was one of the primary motives for the early construction of those lines, entire justice could not be done the various departments of the utility's operations by charging the entire value of lines in question to interurban business and requiring from that business a fair rate of return on the value so charged.

The record now shows certain of the lines to have been built, at the time they were, with a primary object of facilitating the construction of generating stations upon the Bull Run and Clackamas rivers, and that the existence of the lines did materially lessen the expenditures on those plants. It also is shown, by the amount of revenue derivable therefrom, that business now available and in prospect upon those portions of the lines beyond certain limits could scarcely be considered as sufficient justification for their construction and operation with such revenue as the primary motive.



This feature has not heretofore been presented to the Commission and was, therefore, not considered in preceding findings. Under the showing now made it seems that at least a part of the value of the Springwater and Bull Run lines might properly be charged into the pool power property with the generating stations which were in part responsible for their being undertaken. By such an assignment the total value for rate purposes of the entire property will remain unchanged. The portion charged to interurban lines will be decreased with a consequent increase in the assignment of value to every other division of the electric property. As a measure for the amount so to be transferred the company has submitted an estimate of what would probably have been added to the cost of the generating stations had transportation of materials and labor not been available over the lines in question. This estimate amounts to \$1,286,820.00, and covers the problematical cost of building, repairing and maintaining roads and bridges necessary to the construction had rail lines not been in existence. It also covers the direct cost of hauling and other expenses incident to changes which might have been necessary in the construction program as actually followed with the lines in place.

The apportionment to be made, with the impossibility of determining an exact basis present, must be an arbitrary one. On the other hand, whatever reasonable amount is transferred can have but relatively small effect, by reflection in the rates for service, in other than the interurban railway department. The Commission believes that more equitable results are to be obtained by such a distribution and (because no more logical method presents itself) has followed the plan suggested.

As a result it is found that the original values fixed by the Commission for rate making purposes should be modified to the following:

<i>Railway Division:</i>		
Interurban lines .....	\$ 7,686,700.07	
City lines .....	18,568,073.55	
Total railway .....		\$26,254,773.62
<i>Electric Utility Division:</i>		
In Oregon .....	\$19,742,279.75	
In other states .....	654,121.31	
Total electric utility .....		20,396,401.06
Total railway and electric utilities .....		\$46,651,174.68

IT IS, THEREFORE, NOW ORDERED that for the purpose of the adjustment of the rates of the Portland Railway, Light and Power Company, the value found by the Commission on April 30, 1917, be and the same hereby is modified to correspond to the above findings.

In the matter of the application of the PORTLAND RAILWAY, LIGHT AND POWER COMPANY for permission to increase passenger fares on its interurban railway lines. } No. F-722

(ORDER ENTERED NOVEMBER 19, 1918.—P. S. C. ORDER NO. 470)

December 20, 1917, the company petitioned the Commission to have a hearing on the matter of the passenger rates of the interurban lines and thereafter to enter an order discontinuing the rates of fare then charged and to establish in lieu thereof such cash fares, commutation rates and transfer charges as would yield a minimum return of six per cent upon the value of the interurban railway property devoted to passenger service, after the payment of all reasonable operating expenses, including taxes, public charges and depreciation, and for such other and further relief as might seem to the Commission just and proper.

For good and sufficient reasons hearing in this matter was not held until September 11, 1918, and continued until September 24 at the request of representatives of municipalities located on the interurban lines of railway that they might put in evidence against any increase in passenger fares.

Petitioner owns and operates a system of Interurban electric standard gauge railways from Portland to Cazadero; from Golf Junction to Canemah; from Linneman Junction to Troutdale and from Montavilla to Bull Run.

In addition to the interurban railway the petitioner owns and operates a gas plant in the city of Salem, street railways in the city of Portland and an electric generating, transmission and distributing system serving the lower Willamette valley in Oregon, and Vancouver, Washington.

After a comprehensive investigation extending over a period of nearly three years, on April 30, 1917, this Commission duly entered an order in which findings of value for rate making purposes of the entire property of the company were made. The values found were apportioned to the different branches of railway and utility services of the company. The value for rate making purposes of the interurban lines, as of December 31, 1916, was found to be:

Oregon Waterpower Railway .....	\$7,402,195.46
Mt. Hood Railway .....	1,523,454.61
<b>Total Interurban railway .....</b>	<b>\$8,925,650.07</b>

In a recent reapportionment of the total valuation between the railway and the light and power properties of this company, our Order No. 469, the amount assigned to interurban railways was reduced to \$7,686,700.07.

The present rates charged by petitioner for passenger fares on its interurban lines of railway were largely prescribed by this Commission in an order made November 7, 1911. The only exceptions are the rates between Montavilla and points on the line to Bull Run. The line from Montavilla to Bull Run was not operated by Portland Railway, Light and Power Company until April 12, 1912, and the rates between Montavilla and points on the line to Bull Run were established by Mt. Hood Railway and Power Company and adopted by Portland Railway, Light and Power Company when the line was acquired by it.

Examination of the income statements for the past six years shows that the increased prices of labor and material have reduced the net amount available for interest. An arbitrary division of operating expenses and fixed charges has been made by the company between freight and passenger business. While the methods used are not entirely approved by the Commission, the result of this study will not mislead any one in making passenger rates. The following shows the results of the study for the passenger divisions:

Year	Available for interest
1912 .....	\$ 98,089.48
1913 .....	106,096.74
1914 .....	84,643.05
1915 .....	57,279.25
1916 .....	41,733.38
1917 .....	41,034.60

A six per cent return on the value of the property devoted to the passenger business will approximate \$260,000.00 a year.

The principle that each branch of service operated by a public service company must be self-supporting has been well established, and, having been previously set out by this Commission is not here repeated.

The protestants in this case who live on the Oregon City line have contended that the Oregon City line is a paying line and that any necessity for increase in rates is caused by the lack of adequate revenues on the lines east of Golf Junction.

At the hearing a witness for the carrier testified that it was impossible to separate the revenues and expenses of the Mt. Hood line from the revenues and expenses of the balance of the system. That the testimony of this witness was misunderstood by the protestants is shown by the nature of the questions asked in cross examination of the witness. It is possible to make an approximate estimate of the proper division of operating revenues, operating expenses and fixed charges on any line, and this has been done, and the results of such calculation are before the Commission with respect to the Oregon City line. The contention of the witness, as understood by the Commission, is that such a calculation is not a mathematical problem susceptible of a positively accurate solution. Such absolute determination is not possible and any assignment of revenues, expenses and fixed charges can only be made on more

or less arbitrary bases. The present conclusion the Commission believes to be fairly accurate and to approximately represent the actual conditions, so that any error, if such there be, will not reflect itself in any individual rate, fare or charge.

The net result of the calculations is to show that in the twelve months ended June 30, 1918, there was left from the revenues of the Oregon City line after deducting operating expenses, taxes and depreciation an amount equivalent to a return of somewhat less than four per cent on the value of the Oregon City line. To meet interest charges there is required nearly six per cent on the value of the property. In the face of these facts there can be no successful contention that the Oregon City line helps to pay the operating expenses and fixed charges of the balance of the interurban lines of the carrier.

The present practice of the carrier in the matter of issuing passes was discussed at the hearing. No evidence was produced to show that passes were illegally issued and examination of the sworn report made to the Commission of all free and reduced rate transportation issued to those persons not employees of the carrier does not show that there is any large amount of such transportation issued. The report does show that a large amount of free transportation is issued to families of employees, and the Commission is of the opinion that such transportation should be restricted within reasonable limits.

The Commission is of the opinion that the practice of issuing transfers between interurban and city lines should be discontinued. None of the reasons justifying free transfers between the various city lines are applicable to such transfers to the interurban lines, which constitute an entirely separate system operated under distinctly different conditions. Passengers traveling on the interurban lines of other carriers are not given transfers to the street railways and the same practice should be followed on the lines of the petitioner. It is not fair as a general rule that the patrons of the city lines should be required to bear the burden of cost arising from the transportation of passengers from the interurban lines upon free transfers over the city lines.

The revenues under the rates heretofore ordered by the Commission have been such that if the interurban lines had been owned by a separate corporation the carrier would have been unable to meet fixed charges after paying operating expenses. In accordance with the trend of legislation, it has been the practice of this Commission, as of all others, to restrict the earnings of public utility corporations to a fair return on the capital invested. This practice has prevented the accumulation of such surplus as would enable the petitioner to meet the long continued depression previous to the war and the extraordinary advances in prices since. The cost of materials and labor has greatly increased and the revenues of the carrier must likewise be increased if the service is to be maintained. Nevertheless, it is the opinion of the Commission that rates sufficient to pay all expenses and produce a return of six per cent on the investment would lay an undue burden on the patrons of the company. We have therefore prescribed rates which it is believed will produce only sufficient revenue to meet the increased cost of labor and material used in the operation of the interurban lines as compared with costs of two years ago. The necessities of the situation compel the company to look to the profits of the future to recoup the losses of the present. The rates so prescribed and hereafter ordered into effect are still lower than the corresponding rates of other carriers doing interurban business in the same general locality. This feature is only relatively important, since the service given by the applicant is not directly comparable with that of the other carriers.

Inhabitants of Oregon City complained that they traveled half way from Portland to Oregon City for 6 cents and paid 14 cents for the second half of the trip. A point on an extreme end of a blanketed territory of an electric railway should not be taken as a basing point for building up a combination of local fares to defeat a reasonable through rate. In the absence of unjust discrimination, electric railway fares from a point within to a point without a city are not to be controlled by the distance of stations beyond the city boundary, but rather by the total distances traveled. However, in establishing passenger fares on an interurban railway a straight mileage system should not be used without regard to centers of population. The location of centers of population with regard to each other must be considered and the rates established accordingly.

While not ordinarily so considered, the effect of the present cash fare rates is a zone system and any increase in the number of zones is likely to result in a disproportionate increase for passengers who are obliged to travel over an additional fare zone and to pay an additional fare. The result of a fare which is

an even multiple of 5 cents is to charge the traveler not in proportion to the distance he travels, but to charge him the rate to the center of his zone. The mechanical difficulties of collecting cash fares in cents precludes making such cash fares on lines with many stations close together, other than multiples of five.

The present "commutation rates" of the carrier are not true commutation rates, but are, in fact, wholesale rates. The establishment of low commutation rates is based on the principle that a regular rider who uses the road every working day should secure a low rate because of the advantages accruing to the carrier from having regular users resident upon its lines. Making tickets good for a longer period than thirty days takes them out of the class of commutation tickets, and issuing them to those who do not ride every working day is equivalent to selling large numbers of tickets wholesale at low rates.

In the schedule of rates herein proposed is included a commutation rate, which on the average will not increase the fares above those now paid. Transportation is also offered to the public by wholesale in the form of ten tickets at a mileage rate, though the rate is higher than the commutation rate.

In the past when a rate increase has been in prospect on the lines of carriers, there have been individual cases where riders have purchased in advance of the increase large numbers of tickets that they might take advantage of the existing low rate instead of paying the increased rate. This has resulted in an unfair discrimination against the rider who was uninformed of the prospective increase and the rider who was unable to make the cash outlay necessary to lay by a stock of tickets. Such unjust discrimination has been prevented by making the present tickets void for use after the new rate goes into effect, the old tickets to be redeemed by the carrier at the price paid for them.

Careful study of the service afforded on the Interurban lines indicates that it is possible to reduce the service without inconveniencing the traveling public, and it is believed that this reduction should be made rather than to increase fares above those hereafter established. It must be remembered that the reduction of service should not be such as will drive traffic away, but only a reasonable elimination of too frequent trains. Such reduction will, however, add but little to the net revenues and some further relief must be afforded.

In view of all the circumstances hereinbefore discussed and after a consideration of the entire record before the Commission and all facts pertinent to a determination of the issues involved,

IT IS, THEREFORE, ORDERED that the applicant, the Portland, Railway, Light and Power Company, be and the same hereby is authorized to discontinue its rates, charges and fares for Interurban passenger service insofar as they conflict with those shown upon the attached charts\*, which are included and made a part hereof. And in lieu of the rates, charges and fares so discontinued the company shall establish and make effective those shown on the charts so attached and made a part hereof.

A reasonable date for this order to become effective is December 1, 1918.

\* Charts omitted here.

In the matter of the investigation and suspension of advances in rates by the VALLEY AND SILETZ RAILROAD COMPANY. } No. F-767

(ORDER ENTERED NOVEMBER 25, 1918.—P. S. C. ORDER NO. 471)

This case is the result of the suspension by the Commission of Supplement No. 1 to Valley and Siletz Railroad Company Local Freight Tariff No. 1, P. S. C. Or. No. 1, sought to be made effective August 1, 1918, making a 25 per cent horizontal advance in all freight rates of said company.

The Valley and Siletz Railroad Company is an Oregon corporation, subject to the jurisdiction of this Commission, and is the owner of and operates a line of railway extending from Independence to Valsetz, Oregon, a distance of approximately thirty-four miles. It was constructed primarily for the purpose of handling forest products, and this class of freight now constitutes by far the greater portion of its traffic. Although this railroad was originally taken under the control of the United States Railroad Administration, and the rates named in the

tariff supplement under consideration were filed pursuant to General Order No. 28 of Wm. G. McAdoo, director general of railroads, it has since been released and is no longer under federal control.

It is the contention of the respondent company that the increased rates named in the tariff supplement under suspension have been made necessary by reason of the greatly increased operating costs, increased cost of material, labor, equipment and taxes, which have been brought about by abnormal conditions incident to the war, and considerable testimony was introduced at the hearing tending to substantiate these claims. These increased costs, however, are recognized facts, with which every one is familiar, and which need not be considered in detail here. It is sufficient to say that nearly everything which enters into the cost of operating and maintaining a railroad has increased from 50 to 200 per cent.

This company first began operations as a common carrier on January 1, 1918; hence the figures available showing the results of its operations cover only a very limited period. The attached statement shows the operating revenues and operating expenses for the seven months, January to July, inclusive, of 1918:

**OPERATING REVENUES AND EXPENSES FOR FIRST SEVEN MONTHS  
OF YEAR ENDING DECEMBER 31, 1918**

*Operating Revenues:*

Freight .....	\$38,469.57
Passenger .....	5,807.87
Milk .....	71.35
Switching .....	310.00

Total transportation revenue .....\$44,658.79

Demurrage .....	942.00
Miscellaneous .....	937.31

Total incidental revenue .....\$ 1,879.31

Total operating revenues .....\$46,538.10

*Operating Expenses:*

Maintenance of way and structures .....	\$12,428.18
Maintenance of equipment .....	5,656.46
Traffic .....	652.26
Transportation, rail line .....	14,353.65
General .....	2,785.96

Total operating expenses .....\$35,876.51

Revenues over expenses .....	10,661.59
Taxes (estimated) .....	1,750.00

Net operating income .....8,911.59

Total expenses and taxes .....37,626.51

In the foregoing statement there is included nothing whatever for depreciation or return on the investment, nor has an allowance been made for the payment of interest on the outstanding indebtedness of the company, which is \$586,800.00. This interest amounted to \$22,550.36 for the first seven months of 1918, as covered by the foregoing statement. This indicated that under the present conditions the revenues of the respondent are insufficient to pay operating expenses and taxes, and allow for a reasonable depreciation, to say nothing about paying interest on the indebtedness of the company or a reasonable return upon the capital invested. While it is not to be expected that in all instances a railroad will pay a return upon its investment during the first year of operation, and stockholders in many cases must expect to forego dividends during early periods of its activities, it appears that revenues should be sufficient to permit the payment of necessary operating expenses, taxes and depreciation, and at least a portion of the fixed charges, provided that rates are not in excess of the value of the service rendered.

While the Commission does not favor the establishment of a straight horizontal increase in all the rates of the respondent, under the conditions which now prevail, we believe from the showing made that a reasonable increase in some

of this company's rates is justified. We have found their class rates to be out of line, and have changed them to correspond to the standard established and followed by this Commission in the past as to the relation of the various classes to the first class rate, and many of these class rates have been reduced. This we do not think, however, will have the effect of materially decreasing the revenue, as most of the carload freight is covered by commodity rates, in which increases are being allowed.

The Commission has compiled the following schedule of rates, which are deemed to be just, reasonable and not unjustly discriminatory.

Other rates published in Valley and Siletz Railroad Company Local Freight Tariff No. 1, P. S. C. Or. No. 1, which are not affected hereby, are to remain in effect:

## SECTION 1.—CLASS RATES

If the rates in Sections 2, 3 or 4 of this tariff make a lower charge on any shipment than the rates in Section 1, the rates in Sections 2, 3 or 4 will be applied.

Between Independence and—	Class rates (In cents per hundred pounds)									
	1	2	3	4	5	A	B	C	D	E
Stapleton .....	17 ½	15	12 ½	10	9	9	7 ½	5	5	4
Neahr .....										
Helmick .....										
Mitchell .....	21 ½	17 ½	15	12 ½	11 ½	11 ½	9	6 ½	5	4
Simpson .....										
Crisp .....										
Tartar .....	25	21 ½	17 ½	15	12 ½	12 ½	10	7 ½	6 ½	5
Wallinch .....										
Pedee .....										
Ritner .....	30	25	21 ½	17 ½	15	15	12 ½	9	7 ½	6 ½
Kings Valley .....										
Tiff .....										
Hoskins .....	35	30	25	21 ½	17 ½	17 ½	14	10	9	7 ½
Koppelin .....	40	34	28	24	20	20	16	12	10	8
Arell .....										
Seekay .....										
Valsetz .....	45	38	31 ½	27	22 ½	22 ½	18	13 ½	11 ½	9

## SECTION 2.—COMMODITY RATES

If the rates in Sections 1, 3 or 4 of this tariff make a lower charge on any shipment than the rates in Section 2, the rates in Sections 1, 3 or 4 will be applied.

Item No.	Commodity	From— (Unless otherwise shown in item)	To— (Unless otherwise shown in item)	Rates in cents per 100 lbs. except as shown
59	Brick, clay, concrete or cement blocks and building stone, C. L. minimum 50,000 lbs.	Independence.....	Tartar ..... Kings Valley ..... Hoskins ..... Valsetz .....	4 5 6 7
60	Drain tile, C. L. minimum 30,000 lbs.	Independence.....	Tartar ..... Kings Valley ..... Hoskins .....	5 6 7
61	Grain, flour and mill feed, C. L. minimum weight, 24,000 lbs.	Between— Independence.....	And— Tartar ..... Kings Valley ..... Hoskins .....	5 6 7
62	Hay and straw, C. L. minimum weight, 20,000 lbs.	Between— Independence.....	And— Tartar ..... Kings Valley ..... Hoskins .....	4 5 6
64	Logs in trainloads of ten or more cars, minimum 7,000 ft. per car. (If logs are handled in less than trainloads for carrier's convenience, the trainload rate will apply.)	Valsetz.....	Hoskins ..... Crisp ..... Independence .....	Per 1000 feet \$1.25 1.80 2.35
65	Lumber and articles taking lumber rates as provided in Item 42, page 9. Minimum weights see Item 42, page 9.	Between— Crisp.....	And— Pedee ..... Kings Valley ..... Hoskins .....	5 5 5
		Between— Independence.....	And— Pedee ..... Kings Valley ..... Hoskins .....	5½ 6 6½
66	Potatoes and onions, C. L. minimum weight 24,000 lbs.	Between— Independence.....	And— Tartar ..... Kings Valley ..... Hoskins .....	5 6 7
68	Ship knees, C. L. minimum weight 20 per cent less than marked capacity of car used but not less than 50,000 lbs.	Pedee..... Ritner.....	Crisp ..... Independence .....	5 6

## SECTION 3

If the rates in Sections 1, 2 or 4 of this tariff make a lower charge on any shipment than the rates in Section 3, the rates in Sections 1, 2 or 4 will be applied.

## DISTANCE CLASS RATES

When not otherwise provided herein, the following rates will apply between all stations named in Station Index, page 4 of this tariff. For arriving at distances use distance table provided on page 16.

Distances	Class rates (In cents per hundred pounds)									
	1	2	3	4	5	A	B	C	D	E
5 miles or less .....	17 ½	15	12 ½	10	9	9	7 ½	5	5	4
Over 5 miles and not over 10 miles..	21 ½	17 ½	15	12 ½	11 ½	11 ½	9	6 ½	5	4
Over 10 miles and not over 15 miles..	25	21 ½	17 ½	15	12 ½	12 ½	10	7 ½	6 ½	5
Over 15 miles and not over 20 miles..	30	25	21 ½	17 ½	15	15	12 ½	9	7 ½	6 ½
Over 20 miles and not over 25 miles..	35	30	25	21 ½	17 ½	17 ½	14	10	9	7 ½
Over 25 miles and not over 30 miles..	40	34	28	24	20	20	16	12	10	8
Over 30 miles and not over 35 miles..	42 ½	36 ½	30	25	21 ½	21 ½	17 ½	12 ½	11 ½	9
Over 35 miles and not over 40 miles..	45	37 ½	31 ½	26 ½	22 ½	22 ½	17 ½	14	11 ½	9
Over 40 miles and not over 45 miles..	47 ½	40	34	29	24	24	19	14	12 ½	10

## SECTION 4

If the rates in Sections 1, 2 or 3 of this tariff make a lower charge on any shipment than the rates in Section 4, the rates in Sections 1, 2 or 3 will be applied.

## DISTANCE COMMODITY RATES

Where rates are otherwise provided, the following will apply between all stations named in Station Index, page 4 of this tariff. For arriving at distances use distance table provided on page 16.

Distances	Fuel wood and rough cordwood. (Rates in cents per cord of 125 cubic feet. See Item 50, pages 10 and 11, for min. carload	Livestock (Rates in dollars per 36 ft. 6 in. cars. See Items 34 and 38, pages 7 and 8.)	
		Horses and mules in single deck cars; sheep and goats in double deck cars	Cattle, hogs, sheep and goats in sin- gle deck cars
5 miles or less .....	80	\$15.00	\$12.50
Over 5 miles and not over 10 miles....	85	16.50	15.00
Over 10 miles and not over 15 miles....	90	19.00	16.50
Over 15 miles and not over 20 miles....	95	21.50	17.50
Over 20 miles and not over 25 miles....	100	22.50	21.50
Over 25 miles and not over 30 miles....	105	24.00	21.50
Over 30 miles and not over 35 miles....	110	25.00	22.50
Over 35 miles and not over 40 miles....	115	26.50	25.00



In order to avoid any possible confusion, the supplement to the tariff suspended will now be permanently suspended, with the proviso that the company shall be permitted to file a new tariff or a supplement to its present tariff, naming a new schedule of rates not inconsistent with these findings.

IT IS, THEREFORE, ORDERED that Supplement No. 1 to Valley and Siletz Railroad Company Local Freight Tariff No. 1, P. S. C. Or. No. 1, sought to be made effective August 1, 1918, be and the same hereby is permanently suspended.

IT IS FURTHER ORDERED, HOWEVER, that the Valley and Siletz Railroad Company be and it hereby is granted authority to file in the manner provided by law and the rules of this Commission, a tariff, or a supplement to its present tariff, naming rates which shall not exceed those hereinbefore set forth as just, reasonable and not unjustly discriminatory.

IT IS FURTHER ORDERED that until otherwise advised by this Commission the Valley and Siletz Railroad Company shall submit monthly statements covering its railway operations, and that pending further developments this matter be kept open on the docket of this Commission, and that jurisdiction herein be retained for the purpose of taking such other and further action as may be deemed appropriate.

This order shall be effective on and after December 1, 1918.

In the matter of the rates, charges and regulations of the }  
PACIFIC TELEPHONE AND TELEGRAPH COMPANY. (In- } No. U-F-117  
vestigation on the Commission's own motion.) }

(ORDER ENTERED NOVEMBER 25, 1918.—P. S. C. ORDER NO. 472)

This Commission, in response to numerous and varied complaints, recently initiated a special investigation concerning the telephone service afforded by the Pacific Telephone and Telegraph Company within the city of Portland, and, it appearing from such investigation that the service afforded was such as to demand further and formal investigation, the matter was set for hearing at the office of the Commission at 252 Courthouse, Portland, Oregon, on Wednesday, the 6th day of November, 1918, at the hour of 10 o'clock a. m., at which time and place testimony was taken and exhibits offered and received concerning such service conditions and the remedy therefor.

*Appearances:*

For the Pacific Telephone and Telegraph Company, James T. Shaw and Carey & Kerr, its attorneys.

For Oswald West, receiver of the Home Telephone and Telegraph Company, Richard W. Montague, his attorney.

For the city of Portland, H. M. Tomlinson, deputy city attorney.

It may well be said that the problem presented to the Commission regarding the adequacy and reasonableness of the service rendered by this utility to its patrons has not been difficult of solution, inasmuch as the service afforded by such company within the entire State of Oregon, and particularly in the city of Portland, is, as has been declared by the public and admitted by the respondent company, extremely poor and entirely inadequate. If, indeed, it may be called "service" at all. To use the language of counsel for the respondent company, "the service is broken down and broken down badly."

It appears that the chief cause for the present unreliable service furnished is the insufficient number of competent operators employed by the respondent company in manipulating the vocal manual switching system, the efficiency of which depends, in a large degree, upon the skill and experience of the operating force.

Student operators with from six to ten days instruction in the company's training school are now being placed at the boards in the central offices, whereas in normal times a period of from sixteen to twenty-two days of preliminary instruction is required before a novice is considered competent to assume any responsibility as a part of the operating force. The training school is merely a preliminary teaching of fundamentals; proficiency is not fully attained by an operator with active experience of less than eight months or one year. Even the

extreme reduction in the preliminary instruction period has not prevented the frequent occurrence of vacant positions at the boards. The consequent increased burden placed upon the operators and their inability to efficiently perform their duties have had twofold reflection in the impairment of service.

It being conceded by all parties concerned that service conditions are inadequate and deplorable, the problem now faced is one of determining means whereby there may be restored to the patrons of the company the reasonably adequate and efficient service which they demand and to which they are entitled.

The respondent company, evidently recognizing that the low schedule of wages paid was one of the factors responsible for failure to secure and retain competent operators, had under consideration during the month of September, 1918, an adjustment of operating wages, and early in October, 1918, posted a bulletin in their exchanges advising that:

"In accordance with our past policy of increasing the wages of operating employes whenever increases were justified and could be given, approval has been requested for a general and substantial increase in the wages of operating employes of this company, to take effect October 16, 1918. A further announcement will be made as soon as possible."

The language used in the above bulletin conveys a definite and formal promise that "increases were justified and could be given," and it appears to this Commission not unreasonable to assume that both these facts were determined by the company previous to their request of an approval, or in other words, having determined that increases were justified, and, further, that they could be given, approval from the government was then sought to fulfill their promise.

The wages were not increased as contemplated. The company now seeks to excuse the existing service conditions upon the theory that its present revenue is insufficient to permit the payment of reasonable wages to the operating employes and that as a consequence it is unable to retain competent operators. The contention is advanced that an immediate and substantial increase in rates is the necessary panacea which will cause the automatic disappearance of all service troubles. By a subsequent bulletin issued November 5, 1918, the employes were then notified that wages could not be increased until the company was able to secure additional revenues through a revision of its telephone rates, and concurrently a new schedule of such rates was filed with this Commission proposing in general drastic increases and radical revisions over present practices.

The legality of the procedure followed by the company in this regard need not be discussed here in detail. It is sufficient to say that the procedure is irregular and unlawful and that before the proposed rates or others increasing those in effect January 1, 1911, may become effective, application may first be made, hearing must be held, and an order entered by the Commission granting such increase in accordance with the provisions of the public utility laws of the State of Oregon.

The Commission is of the opinion that increased wages will alleviate the seriousness of the present situation and believes the changes in the scale as outlined by the company may accomplish the desired end. That the wages now paid to the operators of the company are inadequate and should be immediately increased there is no dispute. We do not, however, subscribe to the proposition that the present inadequate wages received by the young women in this work are solely responsible for the poor service afforded.

From testimony produced at the hearing, which testimony stands unchallenged and uncontradicted, it appears that numbers of competent and experienced switchboard operators, formerly in the employ of this company, fully trained in the operation of the particular equipment used by it, and who happen to be members of Telephone Operators Union, have recently applied for positions and have been advised that they would be called in case they were needed. These trained operators have not been called nor employed even during the past months of public clamor for better service, although the company was continuously and extensively advertising for operators, requesting the public to limit its use of the service to essential conversation, using many inexperienced girls at responsible positions on the boards, and at the same time contributing further to the demoralization of service by allowing positions to remain vacant. Our investigation does not disclose the reason for this apparent failure to secure the services of these competent assistants; justification, if there be any, is known only to the operating

officials of the company, who have not seen fit to offer any explanation. There appears to be no assurance that the services so offered by these skilled operators would be utilized any more readily after an increase in revenues or an advance in the wage scale than under the conditions heretofore prevailing.

From the testimony introduced at the time of the hearing, and from all the facts and circumstances surrounding this proceeding as disclosed by the record, the Commission makes the following findings:

That the Pacific Telephone and Telegraph Company is a corporation of the State of California and is a public utility, engaged, among other things, in the ownership, operation, management and control of a plant and equipment for the conveyance of telephone and telegraph messages within the State of Oregon, to and for the public, and as such is a public utility and is subject to the provisions of Chapter 279 of the General Laws of Oregon for 1911, and laws supplemental thereto and amendatory thereof.

That the service afforded by said the Pacific Telephone and Telegraph Company to its patrons within the State of Oregon, and particularly in the city of Portland, is unjust, unreasonable, insufficient and inadequate.

That the predominant cause of the depreciated and impaired service afforded by said company is its failure to provide a sufficient number of skilled operators.

Based upon the foregoing findings, it is, therefore, determined that the present telephone service of the Pacific Telephone and Telegraph Company within the State of Oregon is unjust, unreasonable, insufficient and inadequate; and

IT IS ORDERED that the Pacific Telephone and Telegraph Company forthwith provide a sufficient number of skilled operators and adopt such other measures as may be necessary to afford to its patrons reasonable, sufficient and adequate telephone service.

AND IT IS FURTHER ORDERED that said the Pacific Telephone and Telegraph Company shall, within five days from the date of the service of a copy of this order upon it, notify the Commission whether the terms hereof are accepted and will be obeyed.

In the matter of the electric lighting, heating and power rates of the PORTLAND RAILWAY, LIGHT AND POWER COMPANY, a corporation. } No. U-F-47

(ORDER ENTERED DECEMBER 2, 1918.—P. S. C. ORDER NO. 475)

This proceeding is upon the application of the Portland Railway, Light and Power Company for an increase in its rates for general electric power service throughout its system in the State of Oregon. The application was filed upon the 27th day of July, 1918, and after due and legal notice had been given the matter was heard by the Commission and finally submitted on the 14th day of October at the Multnomah county courthouse in the city of Portland. Hearing was held in conjunction with that upon a similar application by the Northwestern Electric Company.

#### **Appearances:**

For Portland Railway, Light and Power Company, Griffith, Lelter & Allen, its attorneys.

For city of Portland, H. M. Tomlinson, deputy city attorney; L. E. Latourette, deputy city attorney.

In brief, the application in this proceeding recites:

That on the 19th day of May, 1917, the Public Service Commission of Oregon, after an extended investigation, ordered the applicant to discontinue its then existing rates for commercial power service and to charge in lieu thereof the following rates, which after a consideration of conditions surrounding the business of the company, were found to be just, reasonable and not unjustly discriminatory:

## COMMERCIAL POWER

First seventy-three hours use per month of the consumers demand will be at the primary rate.

All consumption in excess of that at the primary rate will be at the secondary rate.

*Primary Rate:*

First 500 kilowatt hours .....	5c per kwh.
Next 500 kilowatt hours .....	4c per kwh.
Next 4,000 kilowatt hours .....	3c per kwh.
Excess over 5,000 kilowatt hours .....	2c per kwh.

*Secondary Rate:*

For installations with a demand of 10 kilowatts or less:	
First 1,000 kilowatt hours .....	2.0 c per kwh.
Excess over 1,000 kilowatt hours .....	1.25c per kwh.
For installations with a demand of 10 to 20 kilowatts:	
First 2,000 kilowatt hours .....	1.75c per kwh.
Excess over 2,000 kilowatt hours .....	1.0 c per kwh.
For installations with a demand of from 20 to 35 kilowatts:	
First 3,000 kilowatt hours .....	1.5 c per kwh.
Excess over 3,000 kilowatt hours .....	0.9 c per kwh.
For installations with a demand of from 35 to 50 kilowatts:	
First 6,000 kilowatt hours .....	1.25c per kwh.
Excess over 6,000 kilowatt hours .....	0.8 c per kwh.
For installations with a demand of from 50 to 100 kilowatts:	
First 9,000 kilowatt hours .....	1.0 c per kwh.
Excess over 9,000 kilowatt hours .....	0.8 c per kwh.
For installations with a demand of over 100 kilowatts:	
First 10,000 kilowatt hours .....	1.0 c per kwh.
Next 20,000 kilowatt hours .....	0.8 c per kwh.
Next 40,000 kilowatt hours .....	0.7 c per kwh.
Next 80,000 kilowatt hours .....	0.6 c per kwh.
Excess over 150,000 kilowatt hours .....	0.5 c per kwh.

*Minimum Charge:*

\$1.00 per month per kilowatt of demand.

No minimum less than \$1.00 per month.

Any consumer operating under a secondary rate schedule with demand limits higher than his actual demand, shall pay a minimum bill indicated by lowest demand provided in that schedule.

When the demand of any consumer is determined monthly, the minimum bill shall be based upon the kilowatts of service capacity contracted for by the consumer.

*Application of Secondary Rate:*

At the time of contract the consumer shall be placed upon that secondary rate which his load conditions indicate as the most economical. If, at the end of a period of twelve consecutive months of service thereafter, or a shorter period caused by the termination of a contract, it is found that a lower total charge for the period could have been obtained under any other secondary rate, the consumer shall be credited with the amount of the difference and shall be entitled to continue service under the more advantageous rate, subject to similar correction at the end of each succeeding period of twelve consecutive months of service thereafter, or after a shorter period caused by the termination of his contract.

That the Commission as a result of the same investigation also established rates for both residence and commercial lighting service and that all of those rates were predicated upon conditions existing prior to January 1, 1917; also that since that time the company has experienced substantial changes in such condition with relation to both operating revenues and operating expenses, and that further and immediate changes are anticipated which will materially affect the income accruing to the company from its business.

In general the application alleges that the revenue available from the power rates presently effective is not compensatory or adequate to meet increasing costs of labor, materials and supplies; that increases already experienced and now in prospect are principally chargeable to the power business, and that in view of all of the above conditions these rates should be replaced by higher ones.

Considerable testimony was taken in the hearing upon this case and much evidence was submitted which has since been subjected to careful investigation for the further determination of its essential accuracy.

The Commission has considered in detail all bases used in the exhibits submitted by the applicant for the division of the several accounts between various branches of service in this and other states, and, while it can not offer its complete approval of the methods used, it is convinced by its investigation that the results obtained are fairly indicative of actual conditions. Such apportionments affect principally the distribution of the pool power expenses among the branches of service commonly responsible for their occurrence. They must of necessity be more or less arbitrary in character and are not capable of exact mathematical determination. Experiment with tenable methods other than the ones used, does not show results differing sufficiently to require their further consideration in the determination of this case.

Objection has been raised by the city of Portland to the inclusion in operating expenses of the depreciation allowance used by the company in its exhibits. A word here may suffice to eliminate further misunderstanding on this point. In the preliminary findings of fact in the investigation of the rates of this company, the Commission in its Order No. 92 found—

“that in order to comply with the requirements of the Public Utilities Act that property shall be kept in a state of efficiency corresponding to the progress of the industry, a depreciation annuity of \$717,386.00 should be set aside.”

\$714,066.00 of this amount was to be charged against the railway and light and power operations. It is upon this basis that the company claims consideration of the item of accruing depreciation in its operating expenses.

By reason of knowledge possessed by it the Commission saw fit, in its final findings relative to the same property in Order No. 191, to temporarily reduce the requirement above set out to coincide with the provisions of a mortgage securing a certain bond issue of this company. Relief was granted because money was not available to meet both the depreciation annuity and the bond interest and in its discretion the Commission wished to avoid wrecking the credit of the company when by a temporary measure such a crisis could be avoided. The temporary adjustment at the time made was an effective one and accomplished a good result. As a permanently continuing method of providing a depreciation fund, the requirement of the mortgage for the reservation of fifteen per cent of the earnings for maintenance and depreciation is unsound. The determination of adequate depreciation allowances has no logical connection with the revenue available from the business. It depends upon the character and value of the property and the nature of its operation.

In allowing the company temporary relief, the Commission did not recede from its determination that \$714,066.00 should be annually reserved to cover accruing depreciation upon the property then valued. Whenever earnings permit, the company shall conform its accounts to the original findings, and our examination of the records indicates that the reservations for replacements have been on the increase for some months. We fail to find where the company is not conforming to the statute or our orders in this regard.

The fair value of the property of this utility used and useful in the service of the public as on December 31, 1916, in a decision issued by this Commission on the 30th day of April, 1917, was found to be \$19,492,153.06, divided as follows:

Electric utility property assignable to Oregon .....	\$18,866,984.75
Electric utility property assignable to other states .....	625,168.31

The findings there made have since been modified by order of the Commission issued November 19, 1918. In this recent decision a redistribution, for cause shown, between the railway and the light and power properties of the company places the fair value for the latter as of December 31, 1916, at \$20,396,401.06, divided as follows:

Electric utility property assignable to Oregon .....	\$19,742,279.75
Electric utility property assignable to other states .....	654,121.31

From December 31, 1916, to September 1, 1918, the company, by maintaining a surplus of additions and betterments over retirements, has increased the value of its light and power property assignable to operation within the State of Oregon by the amount of \$338,125.45. These additions have been made from time to time to meet the public demand for adequate and efficient service. They are necessary and reasonable and may be properly considered as a part of the fair value of the light and power property upon which a fair return may

reasonably be expected from the patrons of that service in the State of Oregon. The total sum of the values of this division of the property in existence on December 31, 1916, and the net value of additions to September 1, 1918, is \$20,080,432.20.

On account of the misinterpretation conveyed to the record by the testimony of one of the witnesses for the city of Portland, it is necessary in explanation of the conditions affecting the contents thereof to refer further to the order establishing the existing power rates for this company. Particular attention was at that time directed to certain competitive conditions then undermining and destroying the revenues and the most profitable portion of the business of this applicant. The rates then designed were expected to protect the business of the company and to at least prevent further reduction of revenues by maintaining at a minimum the effect of the destructive influences then present. The result of the consequent standardization of rates between competing agencies, assisted by general increases in business within the territory served, has been a stabilization and upward growth of the revenues from light and power operations. To accomplish this result and to prevent irreparable damage being done to the credit of this public utility corporation required a reduction in certain rates. Particular conditions, then beyond the control of the Commission, prevented consideration of immediately providing a fair return upon the property value as the primary element in determining the rates to be authorized. In the absence of the possibility of providing such a return at that time under the unavoidable circumstances present, the problem was to fix rates to secure for the company the greatest amount of revenue possible under those conditions.

The contention of the witness, that because under this reduced rate the revenues have increased, similar results might be expected from further decreases, is absurd and can not be based upon a correct understanding of the conditions above discussed or upon an acquaintance with the degree of development now shown by the power market in this territory.

Competition from the Northwestern Electric Company, to which a direct reference is made above, is active but has been forcibly tempered by developments experienced since it started operations. Under a practical parity of rates existing since May 19, 1917, the two companies have emerged from a period of bitter and unequal strife into one of mutual endeavor to keep pace with the rapid growth of the community. Both are crowded to capacity to meet the demands put upon them, the imposition of which has gradually destroyed the early advantage enjoyed by the younger utility. Both have been seriously affected by the additional burdens placed upon them and have simultaneously appeared before the Commission for relief. In the consideration of both cases the Commission will endeavor to maintain such an equitable relationship between the rates of the two companies as will produce the greatest ultimate benefit for the public.

In its deliberations upon the case then before it the Commission assumed operating conditions experienced during the year and a half period ended December 31, 1917, as fairly indicative of those to be met in the immediate future and reasonable ones upon which to base determinations at that time. Rapid and unforeseen developments during subsequent months, however, have imposed additional and severe demands upon the revenues of the company. These increased costs have outstepped the more gradual growth of receipts and have been entirely beyond the control of the applicant. Advances in material and labor costs, so often discussed, have continued and are continuing. Only a portion of these increases can be absorbed by the company from revenue obtained in additional business. The remainder must be met by increased rates if the utility is to become or continue sound financially and capable of maintaining adequate service for present customers, and of keeping pace with the development of the territory in the extension of its system. The public rightly demands these things, which can not be accomplished except by the reasonable protection of the credit of the operating company.

A comparison of the income from light and power operations in Oregon is shown in the following statements for the period considered in the former rate decision and for subsequent periods:

**PORTLAND RAILWAY, LIGHT AND POWER COMPANY COMPARATIVE  
INCOME STATEMENT**

	Year ended June 30, 1916	Six months ended Dec. 31, 1916	Year ended Dec. 31, 1917
Operating revenues .....	\$1,900,316.43	\$ 946,488.49	\$1,984,561.41
Operating expenses .....	719,457.37	347,752.94	755,639.37
Net operating revenue.....	\$1,180,859.06	\$ 598,735.55	\$1,228,922.04
Taxes .....	174,809.51	90,235.75	166,271.71
Uncollectible operating revenue .....	12,606.91	6,271.68	13,120.36
Operating income .....	\$ 993,442.64	\$ 502,228.12	\$1,049,529.97
Operating income in per cent of value..	5%	2.54%	5.26%

Conditions now being experienced and those in immediate prospect indicate that for the entire year of 1918 the return available for interest will be less than five per cent. This conclusion is based upon average conditions reflecting to a considerable extent the comparatively less serious situation confronting the company during the major portion of 1918 actually elapsed at the time of investigation. A continuation of the unfavorable situation of today for any considerable length of time might be expected to still further reduce the amount of money available for interest during the coming year.

A better general idea of the development of the company's business in Oregon may be seen from the table of statistics herewith. This shows the operating revenue, operating expenses, taxes and uncollectible revenue, amount available for interest, kilowatt hours sold, operating expenses, taxes and uncollectible per kilowatt hour sold, and the average receipts per kilowatt hour sold.

## PORTLAND RAILWAY, LIGHT &amp; POWER COMPANY—STATISTICS OF LIGHT AND POWER OPERATIONS IN OREGON

	Operating revenue	Operating expenses, taxes and uncollectible	Available for interest	Kilowatt hours sold	Revenue cents per KWH	Expenses, etc., cents per KWH
Year ended June 30, 1913	\$ 2,300,712.55	\$ 987,239.80	\$ 1,313,472.75	80,570,570	2.86	1.22
Year ended June 30, 1914	2,371,578.98	991,670.06	1,379,908.92	93,172,200	2.54	1.06
Year ended June 30, 1915	1,938,844.39	934,427.27	1,004,417.62	82,229,428	2.36	1.14
Year ended June 30, 1916	1,900,316.33	908,873.79	993,442.64	85,037,102	2.23	1.07
Six months ending December 31, 1916	946,488.49	444,260.37	502,228.12	46,620,757	2.03	0.95
January, 1917	146,223.37	75,637.97	100,585.40	8,735,505	2.02	0.87
February, 1917	171,710.70	68,091.36	102,619.34	8,145,692	2.11	0.85
March, 1917	162,474.53	72,237.20	90,237.33	8,311,494	1.96	0.87
April, 1917	161,104.24	75,300.24	85,804.00	8,283,903	1.95	0.81
May, 1917	157,140.33	73,771.40	83,369.43	8,531,336	1.86	0.87
June, 1917	155,163.88	74,410.40	80,753.48	8,155,559	1.90	0.91
July, 1917	149,967.13	74,018.55	75,948.58	8,170,137	1.83	0.91
August, 1917	150,352.09	81,703.30	68,648.79	8,314,364	1.81	0.98
September, 1917	159,729.12	80,930.99	78,798.13	8,799,820	1.82	0.92
October, 1917	187,773.90	87,795.35	79,978.55	9,401,710	1.78	0.93
November, 1917	178,711.17	85,574.56	93,136.61	9,837,463	1.82	0.87
December, 1917	194,210.45	84,560.12	109,650.33	11,070,047	1.76	0.77
Totals, 1917	\$ 1,984,561.41	\$ 935,031.44	\$ 1,049,529.97	105,737,030	1.38	0.88
January, 1918	\$ 180,622.05	\$ 87,543.69	\$ 103,278.36	11,019,002	1.73	0.79
February, 1918	133,769.55	83,516.58	110,252.97	10,957,906	1.77	0.76
March, 1918	183,180.36	86,222.91	96,957.45	10,708,180	1.71	0.81
April, 1918	181,327.31	85,367.38	95,959.93	10,342,944	1.75	0.83
May, 1918	176,976.55	89,172.60	87,803.95	10,526,886	1.68	0.85
June, 1918	167,454.37	92,014.87	75,439.50	9,304,995	1.80	0.99
July, 1918	173,568.09	93,307.14	80,260.95	9,586,703	1.81	0.98
August, 1918	175,712.34	101,361.05	74,351.29	10,302,526	1.71	0.99
September, 1918	188,948.78	129,077.39	59,871.39	10,841,013	1.74	1.19



Of prime significance in the operation of this company is the increasing necessity, on account of load requirements and water conditions, to produce electric energy from steam power in order to meet the demands upon the system. This feature of the development of the business is shown in the table herewith, which includes for 1916, 1917 and 1918 the total kilowatt hours generated, total generated by waterpower, and total generated by steam.

The generation from steam power is by the use of mill wastage, coal and oil. The supply of the former is entirely insufficient to care for a major portion of the present fuel demand. Increase of the use of coal and oil at abnormally high prices is therefore necessary with an attendant rise in the average cost per kilowatt hour generated.

An analysis of the fuel cost shows that for the first nine months of 1918 it was practically 325 per cent of that for the entire year of 1916, and more than 180 per cent of that for the year of 1917, although the total generation during the relatively short period was only about 96 per cent and 85 per cent of those respective years. The total generation for the entire year of 1918 will approximate 130 per cent of that for 1916, while the fuel cost anticipated may easily reach over 500 per cent.

PORTLAND RAILWAY, LIGHT AND POWER COMPANY—GENERATION IN  
KILOWATT HOURS

	Total	Hydro	Steam
1916 .....	194,146,555	187,397,230	6,794,325
1917:			
January .....	18,495,220	18,034,180	461,040
February .....	16,760,960	16,377,950	383,010
March .....	18,633,330	17,884,530	748,800
April .....	17,244,850	15,458,400	1,786,450
May .....	18,159,925	16,179,125	1,980,800
June .....	16,804,910	14,901,410	1,903,500
July .....	17,326,280	15,780,580	1,545,700
August .....	17,779,200	13,889,800	3,889,400
September .....	17,768,400	14,591,100	3,177,300
October .....	18,838,100	15,170,800	3,667,300
November .....	19,010,250	16,517,900	2,492,350
December .....	21,264,890	19,739,180	1,525,710
Totals, 1917 .....	218,086,315	194,524,955	23,561,310
1918:			
January .....	21,534,835	20,376,935	1,157,900
February .....	19,862,775	18,824,465	1,138,310
March .....	21,277,700	20,495,600	782,100
April .....	19,700,750	18,926,450	774,300
May .....	20,551,170	19,537,770	1,013,400
June .....	19,467,700	18,316,800	1,150,800
July .....	20,613,300	17,580,200	3,033,100
August .....	21,804,850	16,370,900	5,433,950
September .....	21,480,950	13,687,600	7,793,350

The applicant is not receiving revenue sufficient to pay a fair return to the investors or to properly finance the furnishing of adequate service to the public. The combination of circumstances shown hereinbefore as acting to reduce the income of the company or prevent the investors obtaining a fair return on the value of the property assignable to the light and power operations in Oregon is sufficient in the opinion of this Commission to justify a moderate increase in revenues through rate adjustment.

The company, aside from giving power service under the rates of its regular tariffs, also holds contracts for power delivered to the Southern Pacific Company and to the Oregon Electric Railway Company and the United Railways Company, at rates other than those specified in the regular tariffs. These contracts are on file with the Commission and are in full force and effect. It has been inferred by representatives of the city of Portland that these agree-

ments are preferential contracts, and as such are a burden upon the operation of the system and in themselves responsible to a considerable degree for the present unfavorable situation of the company's finances.

We find from our analysis that these contracts are not necessarily preferential. The conditions attached to the furnishing of energy under them and the particular nature and operating characteristics of the business so served are not in every case similar to those of normal power customers. Statements by representatives of the city leave the impression that rates enjoyed under these contracts are very much lower than those obtaining under the regular tariff. We find this not entirely in accord with the facts. Even in the presence of special contract considerations and some conditions favorable to the applicant's operations, it appears that the requirements of these consumers are such that for the average unit of total consumption they pay a rate as great or greater than in some instances is obtained by customers operating under the provisions of the regular tariff.

These contracts are within the jurisdiction of the Commission regardless of their date or duration. Such patrons should be given only such consideration for particular conditions of load and service as will compare fairly with every other customer obtaining service in whatsoever manner. We have no clear presentation of all the considerations surrounding the giving of service under these contracts nor of the relationship of the business so obtained to the efficient and economical operation of the remainder of the system. In the absence of such information and in view of particular questions arising in connection therewith the Commission will not at this time make specific findings as to the reasonableness or unreasonableness of the charges made for service to the railway companies.

Separate proceeding is now being initiated by the Commission looking forward to determining the reasonableness of the terms of all such special agreements held by the company, and jurisdiction is retained to make further examination and to modify any and all of those agreements in such manner as may be proper. It does not now appear that any conceivable adjustment in these contracts can be sufficient to produce an appreciable reflection in the rates herein-after determined for other patrons.

Considerable testimony appears in the record relative to the proper basis to be used for the determination of reasonable rates for various classes of service. To be reasonable and most effective, rates must lie within certain natural limits. In no branch of business, including that of this public utility concern, can the charge imposed be above the value or worth of a particular class of service or product to its user; and in no case generally speaking must the charge be below the cost of that particular service or product to the one supplying it. The charge can not be above the worth of the service or utilization will be prevented—it must not be below the cost of the service unless the business as a whole is to suffer a direct loss, or unless such a loss is to be absorbed through inequitable rates by other patrons. The value of a particular service or product may depend upon the ability of the purchaser to pay for it, or upon a consideration of the cost and conditions under which a substitute can be obtained and made to serve the same purpose. It seems to be impracticable to determine in dollars and cents the exact value of electric service, since there are intangible and variable elements of convenience, flexibility, reliability, etc., to be considered. The relationship of rates to worth or value of service may best be indicated by the effect which the rate has upon the customer.

Cost need not necessarily be considered the primary basis in the determination of reasonable rates. It is a limiting factor. Average costs can be determined for the product of the operation of such a utility as the applicant, but the actual cost of that product to any one consumer or to any one class of consumers can hardly be segregated. Apportionments of the various costs of developing and distributing the product may be made and the arbitrary distribution bases assumed may produce results upon which the business can be successfully developed. This result is not certain, however; the mathematical determination of exactly proper proportions is impracticable. It is hardly probable that any particular set of arbitrary assumptions can be made to meet every varying condition encountered.

In the natural development of such a business as this it is not necessary that each individual increment added shall bear its full proportionate share of the cost that might be assignable to it on the basis of averages. These

increments may be added without meeting such requirements and may at the same time, by each producing revenue in excess of actual additional cost of its service, reduce or tend to reduce the burdens previously shared by the business already existing. The resulting development made possible is most beneficial to every consumer of the service and to the community.

If it were a practicable possibility to compute the exact percentage of operating income available from the various classes of service comprising this or another utility's electric business, a wide variation might be disclosed. Necessary consideration of the value of the service in fixing rates might produce such a condition and yet not affect the reasonableness of the rates as long as the company in meeting the particular demands has not failed to retain each rate so that charges for service under it will at least cover the cost thereof.

A combination of rate schedules for different classes of service should as a unit produce revenue sufficient to pay all expenses and a return upon the fair value of the property. After meeting this requirement it is necessary that the various schedules be so designed as to invite the maximum use of each class of service and to produce for each the lowest possible rate within the limits above defined. An attempt to meet such requirements by mathematical computations on arbitrary bases is not necessary and may prevent the consideration of some essentials arising out of particular or local conditions surrounding any specific case.

It is our opinion that reasonable and not unjustly discriminatory rates may be constructed, without the assistance of exact mathematical apportionment of costs to classes of service, or to individual consumers, by a judicious application of the foregoing principles and the careful consideration of all the facts surrounding the particular business under investigation.

The matter of rate comparisons between Portland and Seattle has been brought to the attention of the Commission. Much contradictory testimony was offered intended to establish such a comparison. There is found to be no substantiation in fact for the allegation that Seattle has lower rates in general than this territory. Close examination of tariffs relative only to certain of the lighting rates sustains an advantage for Seattle. However, for those consumers using electric energy under the power rates of this applicant we find that as a general rule the charges for the service are lower than those in Seattle and also lower generally than in other cities of similar or larger size in the Pacific Coast section.

The Commission's conviction is that comparison of rates is most valuable only when it can take into consideration every element affecting the application of the rates to be compared. Without such consideration the fixing of rates by superficial comparison with those maintained in other communities may easily place undue burdens upon either the company or its patrons.

Insufficient evidence has been placed before the Commission to enable it to judge of the various conditions surrounding the operations of Seattle electric utilities. Without complete information on such matters, a comparison of rates is more misleading than otherwise and will avail nothing. It will not be further considered as a fundamental factor in the determination of this case.

By far the greatest increases in demands for energy have come from customers under the power rates, both in point of installation capacity and kilowatt hours of energy consumed. A highly increased use of energy by this class of patrons, on account of low rates obtained, has materially reduced the average revenue per kilowatt hour sold by the company. This same use, under the present operating conditions, is also reflected in an increased average cost per kilowatt hour and a consequent constraint in operating income.

Lighting service generally has experienced no such radical changes. A major portion of the increased expenses chargeable to these increased requirements are reflected only to a minor extent in the service of lighting customers where the cost of energy is a secondary consideration in the determination of the proper rate to be applied. The Commission, in view of existing conditions, will not consider an increase in lighting rates.

In our opinion it is not alone the responsibility for increased expense that tends to justify the confining of adjustment to power rates. We believe that general economic conditions should also be considered in placing the increased burden to a reasonable extent upon those patrons using the service of the company to obtain financial profit. Destructive competition which forced the power rates to their present abnormally low stage is gone; it could not continue with

the tide of development in business. Normal potential competition from private power installations can not hold the rates at their present level; its costs have also been subject to the same or greater advances, and in fairness the public utility should be entitled to increase its revenues from the sources where this and other circumstances have most raised the worth of its service.

On the whole it is our opinion, after a consideration of the entire situation, that the greatest benefit will accrue to the general public, and necessary additional revenue may be equitably obtained for the company, from a reasonable increase in the rate for general power service. We are convinced that the users of power as a class are not now paying their just proportion of the cost of the energy delivered by the company. The adjustment as contemplated will, we believe, place no unjust discrimination against the consumer under power rates and the resulting relative levels of power rates and lighting rates will remain entirely reasonable.

In view of the entire record and all of the facts in its possession, the Commission has determined that the Portland Railway, Light and Power Company should be authorized to charge the following as just, reasonable and not unjustly discriminatory rates for its general power service. This schedule shall be applied subject to the rules for determination of demand and all other conditions set forth in the existing power schedule, with the exception that only five per cent discount shall be given for long time contracts and no reduction shall be given thereunder for what has heretofore been termed off-peak business. No practical distinction now appears to warrant continuation of the latter provision in the present tariff.

#### COMMERCIAL POWER

First 100 hours use per month of the consumers' demand will be at the primary rate.

All consumption in excess of that at the primary rate will be at the secondary rate.

##### *Primary Rate:*

First 500 kwh., 5c per kwh., or first 500 kwh. ....	\$ 25.00
Next 500 kwh., 4 c per kwh., or first 1,000 kwh. ....	45.00
Next 4,000 kwh., 3c per kwh., or first 5,000 kwh. ....	165.00
Next 10,000 kwh., 2c per kwh., or first 15,000 kwh. ....	365 00
Excess, 1½c per kwh.	

##### *Secondary Rate:*

First 4,000 kwh., 1½c per kwh., or first 4,000 kwh. ....	\$ 60.00
Next 100,000 kwh., 1c per kwh., or first 104,000 kwh. ....	1,060.00
Excess, 0.8c per kwh.	

**Minimum Charge.**—\$1.00 per month per kilowatt of demand. No minimum charge to be less than \$1.00 per month. Wherever the demand of any consumer is determined monthly, the minimum charge shall be \$1.00 per month per kilowatt of capacity contracted for by the consumer.

**Discounts.**—A discount of five per cent on the above rate will be allowed, provided the consumer agrees, at the time of signing the contract, to take service for a period of not less than five consecutive years; and further provided that no bill will be thereby reduced to less than the minimum charge applying to service to be rendered under the contract.

IT IS NOW, THEREFORE, ORDERED that the application of the Portland Railway, Light and Power Company be granted and that in lieu of the rates now in effect for its general commercial power service the applicant be and it hereby is authorized to place in effect the schedule of rates hereinbefore found to be reasonable and not unjustly discriminatory.

AND IT IS FURTHER ORDERED that these rates shall be considered as maximum rates for the service specified and that nothing herein shall be interpreted as preventing the company from at any time reducing such rates in such manner as may become necessary in the maintenance and development of its business; provided, always, that the authority of the Commission shall be received before any modification of these rates may become effective.

This order shall become effective and the rates herein shall be charges upon all regular meter readings on and after December 5, 1918.

In the matter of the electric power rates of the NORTH- } No. U-F-231  
WESTERN ELECTRIC COMPANY.

(ORDER ENTERED DECEMBER 2, 1918.—P. S. C. ORDER NO. 476)

This proceeding is upon the application of the Northwestern Electric Company for an increase in its rates for general power service in the city of Portland, Oregon. The application was filed on the 12th day of September, 1918, and after due and legal notice had been given, came for hearing and was finally submitted before the Commission at the Multnomah county courthouse in the city of Portland on the 14th day of October, 1918. Hearing was held in conjunction with that upon a similar application by the Portland Railway, Light and Power Company.

**Appearances:**

For Northwestern Electric Company, Wood, Montague & Hunt, its attorneys. For the city of Portland, H. M. Tomlinson, deputy city attorney; L. E. Latourette, deputy city attorney.

In brief the petition of this applicant recites:

That it is and has been engaged in furnishing electric energy to the public generally for heat, light and power purposes in the city of Portland;

That on or about December 22, 1913, in compliance with the provisions of the Public Utility act of 1911, it filed with the Commission a schedule of general commercial power rates, which with but slight modifications thereafter made are now in effect, as shown herewith:

**POWER—METER RATE**

**Character of Service:**

For various forms of power, battery charging, electro plating, etc., 24-hour service.

**Rates:**

The following rates will apply:

First 73 hours use per month of consumer's demand at "base rate."

Excess over 73 hours use per month of consumer's demand at "secondary rates."

**BASE RATE FOR POWER SCHEDULES "H" TO "M" INCLUSIVE**

(Covering first 73 hours use of consumer's demand, only.)

First 500 kwh. used per month .....	5c per kwh.
Next 500 kwh. used per month .....	4c per kwh.
Next 4,000 kwh. used per month .....	3c per kwh.
Next 3,000 kwh. used per month .....	2c per kwh.
Excess over 8,000 kwh. used per month .....	1c per kwh.

**SECONDARY RATES FOR POWER SCHEDULES "H" TO "M" INCLUSIVE**

(Covering consumption in excess of first 73 hours use of consumer's demand only)

**SCHEDULE "H"**

For installations with a demand to and including (but not in excess of) 10 kilowatts:

First 1,000 kwh. used per month .....	2c per kwh.
All excess per month .....	1½c per kwh.

**SCHEDULE "I"**

For installations with a demand in excess of 10 kilowatts to and including (but not in excess of) 20 kilowatts:

First 2,000 kwh. used per month .....	1¾c per kwh.
All excess per month .....	1c per kwh.

**SCHEDULE "J"**

For installations with a demand in excess of 20 kilowatts to and including (but not in excess of) 35 kilowatts:

First 3,000 kwh. used per month .....	1½c per kwh.
All excess per month .....	9 mills per kwh.

**SCHEDULE "K"**

For installations with a demand in excess of 35 kilowatts to and including (but not in excess of) 50 kilowatts:

First 6,000 kwh. used per month .....	1 1/4 c per kwh.
All excess per month .....	8 mills per kwh.

**SCHEDULE "L"**

For installations with a demand in excess of 50 kilowatts to and including (but not in excess of) 100 kilowatts:

First 9,000 kwh. used per month .....	1c per kwh.
All excess per month .....	8 mills per kwh.

**SCHEDULE "M"**

For installations with a demand in excess of 100 kilowatts:

First * kwh. per month .....	1c per kwh.
Excess to 30,000 kwh. per month .....	8 mills per kwh.
Excess to 70,000 kwh. per month .....	7 mills per kwh.
Excess to 150,000 kwh. per month .....	6 mills per kwh.
All excess per month .....	5 mills per kwh.

\* The number of kilowatt hours applying at 1c is determined from the following:

- 9,000 kwh. for the first 100 kw. of demand.
- Plus 100 kwh. per kw. for the next 10 kw. of demand.
- Plus 360 kwh. per kw. for the next 55 kw. of demand.
- Plus 240 kwh. per kw. for the next 165 kw. of demand.
- Plus 180 kwh. per kw. for the next 470 kw. of demand.
- Plus 146 kwh. per kw. for all in excess of 800 kw. of demand.

**Minimum Charge:**

\$1.00 per kw. of demand per month.

Exception: Where the demand of any consumer is determined monthly, the minimum charge will be based on the service capacity contracted for by the consumer.

**Minimum Demand:** 750 watts.

**Term of Contract:**

Not less than one year.

**Special Terms and Conditions:**

A consumer guaranteeing the minimum charge for the lowest demand in any schedule covering higher demands than his actual demand will be billed on the schedule. If, after service has been furnished for twelve consecutive months, or a shorter period due to the discontinuance of service, it develops that some other schedule would have resulted in a lower total charge for the period, the account of the consumer will be credited with the difference, and the consumer will be billed thereafter at the most advantageous schedule, subject to similar correction after each succeeding twelve months' period, or shorter period due to the discontinuation of service.

That the above schedule of power rates was based upon operating costs for labor, materials and supplies then obtaining and in which, since that time, substantial changes have occurred.

And that because of these changes and additional operating requirements the power rates are not compensatory or adequate to enable the company to meet the demand of its power customers and the public generally and should be increased in such manner as under present and anticipated circumstances might be adequate.

The Northwestern Electric Company is a corporation organized and existing under and by virtue of the laws of the State of Washington. It is engaged in the ownership, management, control and operation of generating plants and other equipment for the furnishing of electric energy in the States of Oregon and Washington and for the furnishing of steam for heating purposes in the

city of Portland. In such occupation in Oregon it is a public utility subject to the jurisdiction of the Public Service Commission and to the public utility laws of this state.

The property of the applicant used in the service of the public at this time consists of one hydroelectric generating station situated on the White Salmon river, in Washington and a combined steam heating and reserve electric generating station in the city of Portland. The two systems are linked together by a 66,000 volt transmission line  $64\frac{1}{2}$  miles in length, and are operated in conjunction with transformation and distribution equipment for supplying the city of Portland in Oregon and the towns of Camas and Washougal in the State of Washington. The company now has under construction a second generating station in the city of Portland which will produce electricity from steam power.

The company was organized July 14, 1911, and the property has been in operation at least in part since May, 1913. Its capital stock authorized consists of \$10,000,000.00 common, and \$2,000,000.00 preferred. Of the two classes \$10,000,000.00 and \$1,783,500.00, respectively, had been issued and was outstanding on December 31, 1917.

There was then outstanding against the company \$3,929,000.00 of an issue of first mortgage six per cent twenty-year sinking fund gold bonds authorized for \$10,000,000.00. These bonds are due May 1, 1935.

The preferred stock and the bonds were sold for cash in the amounts of \$1,454,564.50 and \$3,603,760.00, respectively. The transfer of common stock was made for a consideration, the value of which is not of record.

The Commission has at no time had the value of this property under consideration and is unable at this time to determine its exact amount. The accounts of the company are kept as required by the prescribed system of this Commission and the expenditure for construction has been accordingly made. A record of those charges, to construction accounts has been submitted showing amounts directly assignable to electric operations in Oregon, and amounts apportionable to this state. These figures are represented to exclude all lands in the State of Washington either used and useful or not used and useful in the service of the public. It is our understanding that not only these lands, some of which with attached water rights are now in use, but all other of the tangible and intangible considerations received from the transfer of common stock have been eliminated in the evidence submitted. This statement shows a total of \$3,171,436.16, which is represented as being reasonably assignable to light and power operations in the State of Oregon on December 31, 1917. It does not include any part of normal conditions during the elapsed portion of 1918 nor of cost of new steam plant now under way in the city of Portland. Also that portion of the existing steam station chargeable against steam heating service has been excluded. On September 30, 1918, there has been expended on the new plant in Portland \$1,052,624.61, which when completed will cost in the neighborhood of one and three-quarter million dollars. The primary object in the construction of this plant under the unfavorable conditions of the time is to meet the increasing public demand which the combination of all existing electric production facilities in the territory is unable to satisfy.

The Commission has been inclined to consider the emergency nature of the present situation. We have gone no further into the value of the property of this company than to satisfy ourselves in a general way of the reasonableness of the showing made of construction costs. Upon that portion of the bare construction cost assigned to Oregon Electric operations, shorn of all items of power site land values, water rights, going value and other intangibles, and exclusive of normal additions accumulated during 1918 and giving no consideration whatever to the relatively great increase in investment and expense in the construction and operation of an additional generating station, the return for 1918 based upon present and anticipated conditions is expected to be about five and one-half per cent.

In our investigation we have found no materially unreasonable elements contained in the evidence submitted by the company for our consideration. The percentage above is not to be taken as an accurate measure of the returns now available upon the value of the property. The basis of cost used in its computation does not contain all of the items of property to which value may be attached. With a reasonable consideration of all elements of value in the property used, useful and necessary in the service of the public, and in view of increasing expenses, taxes, depreciation, etc., attached to additions under way to adequately care for present and prospective business, the money available for interest may be expected to fall materially below that shown by the above computation.

The results of light and power operations in Oregon for 1916 and 1917, and as estimated for 1918, appear in the income statement herewith:

**NORTHWESTERN ELECTRIC COMPANY—COMPARATIVE INCOME  
STATEMENT**

	1916	1917	1918 (est.)
Operating revenues .....	\$517,956.74	\$591,747.69	\$686,095.00
Operating expenses .....	256,001.44	308,532.97	418,850.00
Net operating revenue .....	\$261,955.30	\$283,214.71	\$267,245.00
Taxes .....	54,334.04	80,034.54	89,500.00
Uncollectible operating revenue .....	7,742.79	6,009.21	3,430.00
Operating Income .....	\$199,878.47	\$197,170.96	\$174,315.00

The estimate for 1918 is the result of actual experience during the months already elapsed and a forecast covering the remaining four or five months. The situation has been gradually growing more severe, and if there is a continuation of present and anticipated conditions for any considerable length of time the result of operations might easily become much more unfavorable than that indicated by the 1918 forecast.

Regardless of conditions which may be abnormal at this time, cost of service by this company is increasing as its business continues to extend and its margin of operating income, or money available for interest, must reflect a coincident reduction without reinforcement of revenues. Present equipment capacity has been found unequal to the demands for service; new generating capacity is being provided, the operating expense and fixed charges on which must be satisfied by the revenues obtained from the service responsible for the expenditures.

The detailed development of this business may be more readily seen from the statement herewith, which shows a monthly comparison of revenues, kilowatt hours sold to light and power users, and the average revenue received per kilowatt hour sold. Total revenue for 1918 is expected to be about thirty-two per cent greater than 1916 and fifteen and a half per cent greater than 1917. Over the same respective periods the total energy sold in 1918 will have increased fifty-five per cent and thirty per cent.

More than seventy per cent of the energy consumed by the Oregon patrons of this company is sold under the power rates.



# NORTHWESTERN ELECTRIC COMPANY—COMPARATIVE STATISTICS— STATE OF OREGON—ELECTRIC OPERATIONS

	Revenue from sale of current	Kilowatt hours sold		Revenue from sale of current per KWH (cents)
		Lighting	Power	
January, 1917 .....	\$ 52,255.37	753,628	1,261,517	2.59
February, 1917 .....	49,850.39	658,482	1,219,914	2.63
March, 1917 .....	48,746.43	608,946	1,250,399	2.61
April, 1917 .....	49,206.66	601,047	1,312,454	2.57
May, 1917 .....	45,306.70	503,409	1,384,094	2.40
June, 1917 .....	43,020.61	417,416	1,268,401	2.55
July, 1917 .....	44,456.59	421,759	1,398,150	2.44
August, 1917 .....	42,389.86	395,847	1,408,674	2.35
September, 1917 .....	47,517.20	505,666	1,443,146	2.44
October, 1917 .....	51,607.24	613,535	1,490,176	2.45
November, 1917 .....	56,324.16	734,640	1,642,732	2.37
December, 1917 .....	61,712.86	886,889	1,753,224	2.34
January, 1918 .....	60,204.53	854,232	1,684,263	2.37
February, 1918 .....	59,378.75	762,649	1,595,630	2.52
March, 1918 .....	59,088.97	712,786	1,887,169	2.27
April, 1918 .....	55,651.00	616,527	1,794,077	2.31
May, 1918 .....	54,225.09	532,855	1,807,163	2.32
June, 1918 .....	54,499.58	489,598	1,925,439	2.26
July, 1918 .....	53,147.59	459,925	1,925,879	2.23
August, 1918 .....	55,430.66	518,901	2,048,692	2.16
September, 1918 .....	55,434.55	540,238	2,082,853	2.11
Totals, 1916 .....	\$518,206.27	6,324,152	13,768,321	2.58
Totals, 1917 .....	592,394.07	7,101,264	16,832,881	2.48
Totals (estimated), 1918 .....	684,250.00	8,150,000	23,000,000	2.20

Upon analysis it is found that, although the total operating revenue from sale of current for 1918 will show an increase of thirty-two per cent greater than 1916, the average revenue per kilowatt hour over the same period shows a decrease of approximately fourteen and seven-tenths per cent. This is the result of large use under the lower rates available and must come in a large measure from the energy paid for under the provision of the power rates. The reduction of average revenue per kilowatt hour sold is not in itself an indication of a decreasing margin between receipts and necessary expenditures. Normally average revenue per kilowatt hour may decrease during the intensive development of the business and be accompanied by a gain in money available for interest charges. In this instance, however, the decrease in average revenue produced by the development of business has been accompanied by increases in the average cost of each unit served the consumer. Undoubtedly it is the greater use under the lower power rates most closely approaching the average cost of service that results directly in the reduction of the company's operating income.

The use of steam power for electric generation is an imposing element in the increasing costs of energy for this applicant. On account of the increasing demand for power in the city of Portland, and the local conditions affecting its operations this utility has not been able to rely entirely upon production by water power. The particular type of its equipment has necessitated largely increased production of electric energy from steam power by the use of oil for fuel. The statement herewith shows the generation statistics for 1916, 1917 and 1918. It is to be noted that the energy generated and received from steam production sources is expected to amount in 1918 to 248 per cent of that in 1916. It is estimated that the cost of fuel oil used in the production of electric energy for Oregon patrons in 1918 will be about \$88,000.00, or 870 per cent of that in 1916 for the production of less than 150 per cent more energy.

## NORTHWESTERN ELECTRIC COMPANY—GENERATION STATISTICS

	KWH. generated and received		
	Hydro	Steam	Total
January, 1917 .....	5,288,700	881,100	5,289,700
February, 1917 .....	5,684,500	775,300	5,684,500
March, 1917 .....	6,276,900	847,100	6,276,900
April, 1917 .....	5,340,200	566,400	5,340,200
May, 1917 .....	6,546,000	330,400	6,546,000
June, 1917 .....	6,577,500	99,000	6,577,500
July, 1917 .....	6,798,100	1,200	6,798,100
August, 1917 .....	6,858,900	187,400	6,856,900
September, 1917 .....	5,740,900	872,700	5,740,900
October, 1917 .....	4,962,314	1,773,300	4,962,314
November, 1917 .....	4,110,500	1,256,200	4,110,500
December, 1917 .....	5,917,500	1,558,800	5,917,500
January, 1918 .....	6,678,700	894,200	7,572,900
February, 1918 .....	6,019,400	925,600	6,945,000
March, 1918 .....	6,838,600	751,300	7,588,900
April, 1918 .....	6,864,500	454,300	7,318,800
May, 1918 .....	7,976,400	329,800	8,306,200
June, 1918 .....	7,661,700	194,750	7,856,450
July, 1918 .....	6,974,200	433,200	7,407,400
August, 1918 .....	6,011,600	1,282,500	7,294,100
September, 1918 .....	5,165,400	1,525,400	6,690,800
Total, 1916 .....	61,210,132	4,657,126	65,857,258
Total, 1917 .....	70,100,014	9,148,900	79,248,914
Total, 1918 (estimated) .....	78,361,280	11,556,450	89,917,730

Other features relating generally to the common determination of this application and that of the Portland Railway, Light and Power Company concurrently heard are covered fully in the decision relative to the latter and will not be repeated. In brief it may be said that operating conditions surrounding the business of this company, financial results obtained from those operations and general economic considerations are sufficient to indicate the necessity for this company to obtain greater revenue in order that it may continue adequate service to its patrons and provide proper development and extension of its system to meet the increasing demands of the public. The ability of the company to accomplish these ends successfully and to the advantage of the public must of necessity be impaired by the decreasing income available for interest payments. With money costing approximately seven per cent the return now available and immediately prospective upon the largely increased investment can not be considered adequate.

Competition between the applicant herein and the Portland Railway, Light and Power Company for the light and power business in the city of Portland is active although tempered by the development of conditions requiring the strict attention of both companies to caring for the abnormal growth of business. The combined production facilities in this territory are barely sufficient to carry the load imposed by the demand for energy; and cooperation between the various systems is necessary to insure a continuity of adequate service.

The total costs of energy produced and delivered by the two systems serving the city of Portland are not at great variance, and such advantages as one may have had over the other in the character of business served during the early period of its existence must gradually disappear with further and more extensive development of that business. The financial returns in prospect for the two institutions are favorably comparable under the present system of rates. Both are subject to the same influences and are commonly responsible in this particular field for the adequate service of the public. In consideration of all these facts the Commission believes that the greatest ultimate benefit may be reaped by this community under a continued parity of rates established for these utilities. In the absence of unjust discrimination, such an arrangement will permit the most efficient utilization of present electrical development in the territory for the

benefit of present and prospective patrons and will stabilize the further development of both projects without undue imposition upon either the companies or their patrons.

The Commission has concluded that, in determining the reasonableness of obtaining necessary increases in revenue from advances in power rates only, there should be considered not only the fact that the major portion of the growth in demand has come from users under the power rates, and that a considerable share of the increased costs are assignable to these users, but that in addition to these elements there should be considered the economic conditions surrounding the various classes of service. The power rates now in this territory have been forced to their present low stage, and the financial strength of the companies to readily meet the public demand for adequate service has been impaired to the extent shown in these findings, partially are a result of destructive competition between separate systems.

This condition has been alleviated by natural development. Also potential competition always present from private power developments can not hold the rates at their present level. Its costs have been subjected to the same or even greater advances than encountered by the public utilities.

In all fairness the applicant should be entitled to an increase in its revenues from the sources where the service is used in the production of financial profit and where an account of the circumstances noted the worth of service from the central station. In serving the best interests of the public in general we believe that the necessary additional revenue required by the company may most equitably be obtained from a reasonable increase in the rates for general power service. The adjustment so contemplated will, we believe, place no undue burden upon any class of consumers and will retain the light and power rates at relatively fair levels.

In view of the entire record and all of the facts in its possession, the Commission has determined that the Northwestern Electric Company should be authorized to charge the following as just, reasonable and not unjustly discriminatory rates for its general power service. This schedule shall be applied subject to the rules for determination of demand and all other conditions set forth in the existing power schedule, with the exceptions that only five per cent discount shall be given for long time contracts and no reduction shall be given thereunder for what has heretofore been termed off-peak business. No practical distinction now appears to warrant continuation of the latter provision in the present tariff.

### COMMERCIAL POWER

First 100 hours use per month of the consumers' demand will be at the primary rate.

All consumption in excess of that at the primary rate will be at the secondary rate.

#### Primary Rate:

First 500 kwh., 5c per kwh., or first 500 kwh. ....	\$ 25.00
Next 500 kwh., 4c per kwh., or first 1,000 kwh. ....	45.00
Next 4,000 kwh., 3c per kwh., or first 5,000 kwh. ....	165.00
Next 10,000 kwh., 2c per kwh., or first 15,000 kwh. ....	365.00
Excess 1½c per kwh.	

#### Secondary Rate:

First 4,000 kwh., 1½c per kwh., or first 4,000 kwh. ....	\$ 60.00
Next 100,000 kwh., 1c per kwh., or first 104,000 kwh. ....	1,060.00
Excess, 0.8c per kwh.	

#### Minimum Demand:

No demand will be considered less than 750 watts.

#### Minimum Charge:

\$1.00 per month per kilowatt of demand. No minimum charge to be less than \$1.00 per month. Wherever the demand of any consumer is determined monthly the minimum demand shall be \$1.00 per month per kilowatt of capacity contracted for by the consumer.

#### Discounts:

A discount of five per cent on the above rate will be allowed, provided the consumer agrees, at the time of signing the contract, to take service for a period of not less than five consecutive years, and further provided that no bill will be thereby reduced to less than the minimum charge applying to service to be rendered under the contract.

IT IS NOW, THEREFORE, ORDERED that the application of the Northwest Electric Company be granted and that, in lieu of the rates now in effect for its general commercial power service, the applicant be and the same hereby is authorized to place in effect the schedule of rates hereinbefore found to be reasonable and not unjustly discriminatory.

AND IT IS FURTHER ORDERED that these rates shall be considered as maximum rates for the service specified and that nothing herein shall be interpreted as preventing the company from at any time reducing such rates in such manner as may become necessary in the maintenance and development of its business, provided always that the authority of the Commission shall be received before any modification of these rates may become effective.

This order shall become effective and the rates herein shall be charged upon all regular meter readings on and after December 5, 1918.

In the matter of the application of the STAYTON ELECTRIC LIGHT COMPANY for authority to increase rates. } No. U-F-232

(ORDER ENTERED DECEMBER 10, 1918.—P. S. C. ORDER NO. 479)

Under date of September 13, 1918, application was filed with this Commission by the Stayton Electric Light Company for authority to increase its rates for electric service in the town of Stayton, Oregon.

Applicant averred that the operating revenues under rates hitherto in effect have not been adequate to defray reasonable and necessary operating expenses, including proper allowance for depreciation; also that certain of said rate schedules are unfairly discriminatory to both its customers and the company.

Pursuant to due and legal notice, the matters involved in this application came up for formal hearing in Stayton on November 14, 1918.

**Appearances:**

For applicant, C. E. Taylor, owner and manager.

For consumers, S. H. Heltzel, attorney for town; H. A. Beauchamp, mayor.

Evidence was presented by witnesses on behalf of the consumers that the service rendered by this utility has been very irregular and unsatisfactory, accompanied by wide variations in voltage.

This condition was generally admitted by the manager of the utility, and was attributed to his inability to finance the installation of adequate governing apparatus under past and present revenues.

In line with its regulatory powers, the Commission will hereinafter require such measures to be taken by applicant as will provide the quality of service that the patrons of this utility are justified in expecting, concurrently with such rectification of the rate schedules as are found requisite to provide funds for placing this service on a satisfactory basis.

A proper consideration of the matters herein involved necessitated an appraisal of the applicant's property, used and useful in the public service, in agreement with Sections 9 and 10 of Chapter 279 of the General Laws of Oregon for the year 1911. Such valuation was made as part of this proceeding and the facts thereof presented in evidence at the hearing.

With the record before it the Commission now finds as follows:

The Stayton hydroelectric generating plant and distribution system was completed and began operations in the spring of 1897, under Ordinance No. 36 of the town of Stayton, granted to A. L. Shreve, his associates and assigns, under date of February 18, 1897. This franchise covers a term of fifty years, and reserved to the town the privilege of purchasing the system at its full valuation at any time after five years had elapsed. It was subsequently assigned to the Stayton Electric Light Company, organized by Mr. Shreve and his associates, and later passed into the ownership of Mrs. A. L. Shreve.

This property was acquired by Charles E. Taylor, the present owner and manager, on August 9, 1915, for \$11,000.00, he assuming a local bank mortgage note against the property in the amount of \$3,600.00, bearing seven per cent interest, and executing a second mortgage note in favor of the vendor, Mrs. Shreve, for \$7,400.00 at eight and a half per cent interest. Mr. Taylor testified

that he has invested in the system additional sums totaling about \$6,500.00 for its rehabilitation. The first mortgage has since been reduced to \$3,400.00; otherwise the present indebtedness against this utility remains as outlined.

Waterpower is obtained from the canal of the Stayton Water Power Company, branching from the North Fork of the Santiam river some three miles to the east of and running through Stayton, where the generating plant is located. A 50 kw. 2,300 volt three phase alternating current generator is there belt driven through line shafting by a horizontal water turbine operating under a ten to eleven foot head. Electric energy is transmitted over the system at 2,300 volts and transformed down to 220 and 110 volts for general service. Both general service and municipal lighting have been supplied under rates set forth in the company's tariff now on file with the Commission.

Of the items comprising the valuation of the property of the applicant, there was considerable diversity of opinion in the testimony as to the value of the prospective waterpower site of fifteen acres at the North Fork of the Santiam river. In the light of the facts presented, the Commission is of the opinion that the appraised value of this tract may equitably be reduced from \$1,200.00 to \$800.00, and this has been done. With the remaining values considered as established, the Commission finds that the normal reproduction cost new of this property in serviceable condition, making due allowance for reasonable overhead expense, was \$19,052.00 on November 8, 1918. To this must be added necessary material and supplies and cash working capital, establishing the sum of \$19,852.00 as the normal reproduction cost new of the physical property of this utility devoted to the service of the public. The accrued depreciation is estimated at \$5,810.00. The original cost of this property is not determinable from the company's books.

In view of the foregoing and giving due weight to testimony submitted, the Commission finds that the present value for rate making purposes of the property of the Stayton Electric Light Company, after consideration of the expenditures necessary for development of the business to its present dimensions, is the sum of \$14,500.00.

This utility sustained a deficit in its operations for the calendar year 1917 of \$1,108.57, according to its annual report, which was submitted in evidence. Operating expenses alone exceeded revenues by some \$465.00, aside from losses from uncollectible accounts, taxes and interest on the investment. A depreciation reserve for replacing equipment when its service life expires was set aside last year for the first time, in the sum of \$1,027.00. The law states that this Commission shall prescribe in each case an adequate depreciation annuity when it can reasonably be required, and it is found that the sum of \$900.00 annually, under existing conditions, will suffice for that purpose. This allowance will be made, and such sum should be set aside annually and be included in the operating expense account "Depreciation of Plant and Equipment," and credited to the account "Reserve for Accrued Depreciation."

From a view of the operations of this utility in the past and figures submitted at the hearing, it is estimated that the necessary expenses to be met annually under present conditions, including a fair return on the value of the property devoted to the public service, will aggregate the sum of \$6,300.00, against a present revenue of \$4,175.00 for a similar period. The difference is a measure of the increase in revenue requisite to place this utility in a position to render to its consumers the quality of service to which they are entitled.

In addition to serving the town of Stayton, this company has been supplying electric energy to the nearby town of Sublimity. The distribution system in Sublimity was installed and is being operated and maintained independently of Stayton, and the division of ownership of the transmission line between the two towns is at the Stayton municipal limits. The monthly receipts from that source have amounted to \$10.00 per month. Owing to the absence of meters on this line the maximum demand and monthly consumption of energy must be estimated. The same statement applies to the consumption in Stayton, and the installation of station recording meters is urged.

The Sublimity patronage comprises twenty-one residences, six commercial users, and twenty-one forty-watt municipal lamps. It is estimated that the average present monthly consumption throughout the year will approximate 500 kwh. Assuming a twenty-five per cent transformation and distribution loss, the total quantity of electric energy delivered to the Sublimity system at the

point of division of ownership (Stayton town limits) will average about 687 kwh. per month, with an average maximum demand of seven to eight kilowatts. The present charge of \$10.00 per month for this service, therefore, is obviously inadequate and unfair to the Stayton system and imposes an unreasonable financial burden upon its patrons. In the nature of a wholesale user or power customer, this charge should be made under the power schedule and would vary from about \$25.00 in July to about \$40.00 in January, with an average per month throughout the year of approximately \$35.00. It will thus increase the revenue of the Stayton plant by \$15.00 to \$30.00 per month under existing conditions. It is strongly urged, however, that a watt hour meter be suitably placed to determine more accurately the periodic quantity of energy supplied to the Sublimity system, as a basis for the application of a consistent charge under the power schedule to be devised.

There were connected to the Stayton system in October, 1918, a total of 107 residential consumers, fifty-one commercial lighting users, seven power customers with a total of twenty-eight horsepower connected load, the municipal street lighting system of some seventy-five forty-watt Mazda lamps connected in parallel, and the combined Sublimity load. This patronage is below what was enjoyed prior to the departure of many families induced by the calls of the shipyards and other war industries, and a gradual improvement may be expected in the future.

In the absence of a contract between the municipality and the applicant fixing the rates for municipal lighting except upon the prevailing tariff and in the voluntary submission of the question to the Commission by the interested parties, these rates in the applicant's tariff will be considered in the same light as other phases of the case under determination, owing to their direct influence on the operations of the utility.

An analysis of the present rates and conditions under which this utility operates and a review of the facts disclosed by the record support the conclusion that the present schedules of this utility are not only obsolete in part but are unjust, unreasonable and unfairly discriminatory and do not provide a fair return on the capital legitimately invested in the property. The following rates and regulations are in consequence found by the Commission to be just, reasonable and not unjustly discriminatory to be applied by the Stayton Electric Light Company in lieu of those hitherto in effect:

#### RESIDENCE LIGHTING

First 10 kwh. per month .....	\$0.15 per kwh.
Next 10 kwh. per month .....	.13 per kwh.
All over 20 kwh. per month .....	.07 per kwh.

To include small domestic heating and power devices.  
Minimum charge, \$1.00 per month.

#### COMMERCIAL LIGHTING

First 10 kwh. per month .....	\$0.15 per kwh.
Next 15 kwh. per month .....	.13 per kwh.
Next 20 kwh. per month .....	.10 per kwh.
All over 45 kwh. per month .....	.07 per kwh.

To include fans and other single phase motor driven apparatus under one horsepower connected to the lighting circuit.  
Minimum charge, \$1.00 per month.

#### MUNICIPAL LIGHTING

40 watt lamps all night, each per month .....	\$1.25
60 watt lamps all night, each per month .....	1.75
100 watt lamps all night, each per month .....	2.50
200 watt lamps all night, each per month .....	4.00

#### POWER (AND SUBLIMITY LOAD)

First 30 hours per kw. of demand per month .....	\$0.07 per kwh.
Next 30 hours per kw. of demand per month .....	.06 per kwh.
All over 60 hours per kw. of demand per month .....	.04 per kwh.

To determine the demand of any consumer, the combined ratings of all motors shall be ascertained and the following percentages thereof be considered as his demand:

Combined ratings	1 motor (Per cent)	2 to 5 motors (Per cent)	Over 5 motors (Per cent)
5 horsepower and under .....	100	90	85
6 to 10 horsepower .....	90	80	75
11 to 50 horsepower .....	80	75	65
51 horsepower and over .....	75	65	55

For any installation in excess of 25 horsepower, or other unusual use of energy, the actual demand may be measured at the option of the customer or the company; the highest 15-minute average to be considered the demand in lieu of the above.

**Minimum Power Charge:**

First 2 horsepower of demand, each per month .....	\$1.50
Next 3 horsepower of demand, each per month .....	1.25
All over 5 horsepower of demand, each per month .....	1.00
Minimum connected load under this schedule, one horsepower.	

In the case of consumers whose estimated average consumption will not exceed that within the minimum monthly charge, the installation of a meter may be avoided and the minimum charge imposed instead, at the discretion of the utility.

A discount of five per cent shall be deducted when bills are paid within ten days after date rendered, except that the minimum charge shall not be discounted.

Any other rules and regulations respecting the service that applicant may desire to incorporate in its tariff should be in accordance with order of this Commission issued May 23, 1914, File U-F-61, prescribing standards of service of utilities in the state, or be submitted to the Commission for its approval before final issuance.

In view of the foregoing conclusions developed from the record, and other pertinent facts in connection herewith.

IT IS ORDERED that applicant, the Stayton Electric Light Company, be and it hereby is authorized to place in effect, in lieu of its present rate schedules, the rates, rules and regulations hereinbefore found to be just and reasonable, including an adequate charge against the Sublimity system for the service so supplied.

The schedules authorized herein are to be considered as maximum for the service stipulated, and nothing in this order shall be construed as preventing this utility from making any reduction in them at any time upon the approval of this Commission and the proper publication and filing of tariffs, as prescribed by law and the rules of the Commission, provided that such revisions will not result in unjust discrimination as between individual consumers, classes of service or localities.

IT IS FURTHER ORDERED that this utility shall forthwith proceed to correct the regulation of its voltage by the installation of such governing or control equipment or other apparatus as may accomplish this result, also perform any other rearrangement of its overhead equipment or adopt such other measures as may appear necessary after investigation to contribute to this end and improve the service in general as contemplated herein.

Prior to the effective date of this order the applicant shall submit to the Commission and receive its approval of a plan of the improvements said applicant proposes to inaugurate in compliance with this provision, as a condition precedent to the application of the rates established herein.

This order shall become effective January 1, 1919, and prior thereto the applicant shall publish and file in the manner provided by law and the rules of this Commission a tariff which shall tend to carry out the intent and spirit of this order.

In the matter of the application of the TILLAMOOK COUNTY MUTUAL TELEPHONE COMPANY for authority to increase rates. } No. U-F-200

(ORDER ENTERED DECEMBER 26, 1918.—P. S. C. ORDER NO. 481)

This proceeding is before the Commission upon the application of the Tillamook County Mutual Telephone Company for authority to increase its rates, alleging in support of its petition that it does not operate for profit; and that material, supplies and operating expenses have so increased that it can no longer continue to serve the public at the present rates.

The Tillamook County Mutual Telephone Company was organized August 27, 1908, and established its first service in December of the same year. The system now operated consists of exchanges at Tillamook and Beaver, with inter-connecting circuits and lines for the service of the two communities and extensive rural territory adjacent thereto. The operation of the system is in direct competition with that of the Pacific Telephone and Telegraph Company. From the system of bookkeeping used by the applicant it is impossible to determine the actual cost of the property or an exact division of the expenditures between operating and capital accounts. Testimony introduced at the hearing indicates that to reproduce the property in normal, new and usable condition would require the sum of approximately \$33,500.00, and that the deduction of accrued depreciation will reduce the amount to \$21,500.00. It is quite likely that the actual original expenditure incurred in the construction of the property was considerably less than the estimated reproduction cost, although the latter is based upon normal prewar conditions. This seems to have resulted, as is usual, in the early development of mutual or cooperative companies, to a great extent from the cooperation of stockholders and others in furnishing labor and certain materials at abnormally low cost. This method of construction is not now available normally and results accomplished by it are not in themselves alone a fair indication of value. A considerable share of the property has been constructed from earnings. Only \$4,750.00 of the authorized capital stock of \$5,000.00 has been issued and paid up and the remaining obligations of the company consist of a \$5,000.00 mortgage and a \$1,750.00 note. Cash was received in consideration for the transfer of both stock and notes.

The applicant does not contend for a fair return upon the entire value in its property but desires that its revenues be made sufficient to meet operating expenses and fixed charges upon such indebtedness as it may now have. The value of the system is therefore only for secondary consideration to this investigation, but in accordance with the provisions of Chapter 279 of the Laws of Oregon for 1911, and after due consideration of all pertinent factors, the amount upon which the applicant might be reasonably entitled to expect a return will be placed at \$26,000.00.

Service is given from 6 a. m. to 10 p. m., with provision made for the answering of emergency calls at night without extra charge. The operation of each exchange is accomplished by working only two operators. Living quarters for one operator are supplied in each instance as a part of her remuneration in order that continuous attendance may be had in case calls at night are necessary.

The monthly revenue available from these subscribers under the present rates, together with a small amount accruing from toll service, will amount to approximately \$560.00. This business, if continued, should produce an annual operating revenue of \$6,720.00.

Examination of the company records shows that there was expended in 1917 approximately \$7,050.00, which included interest and principal payments on company indebtedness and also the cost of minor extensions and additions to capital accounts. Analysis indicates that if adequate service is maintained and if all reasonable operating requirements are fairly met, the operating expenses of 1919 may be conservatively expected to be not less than \$7,250.00, exclusive of capital charges and debt obligations, but including a fair allowance for depreciation, maintenance, taxes, franchise requirements and uncollectible operating revenues.



It is contemplated under this estimate that the company will, as is necessary, meet required increases in operators' and linemen's wages, and provide for the better maintenance of the system in general. Although no definite classification has as yet been prescribed for the accounts of this company, it should provide for the accumulation of a fund for replacements due to depreciation now accruing. It is estimated that the amount of \$1,100.00 per year in addition to current minor repairs not to be classified as replacements will be sufficient for this purpose. This amount should be credited to a reserve account each year and charged to operating expense and such moneys as are available therefor should be set aside in a depreciation reserve fund to be expended only as provided by Chapter 279 of the Laws of Oregon for 1911.

In view of the above circumstances, and the fact that the present rates are low in comparison to others generally effective throughout the State for service under similar conditions, it is readily determined that an increase should be granted in order that adequate service may be given and sufficient revenue obtained to meet expenses and fixed charges.

The schedule proposed by the company does not provide a classification of service sufficient in extent to meet without unfair discrimination the demands of a business of this character and magnitude and will not be approved. Instead the following schedule of rates is found to be just and reasonable and not unjustly discriminatory for the Tillamook County Mutual Telephone Company to charge for the service which it gives:

#### BUSINESS SERVICE

Individual line, unlimited service .....	\$2.50 per month
Two-party line, unlimited service .....	2.00 per month
Four-party line, unlimited service .....	1.75 per month
Suburban service, party line .....	1.75 per month

#### RESIDENCE SERVICE

Individual line, unlimited service .....	\$2.00 per month
Two-party line, unlimited service .....	1.50 per month
Four-party line, unlimited service .....	1.25 per month
Suburban service, party lines .....	1.25 per month

These rates contemplate the maintenance of batteries by the company and are to be applied irrespective of whether the subscribers are or are not stockholders in the company.

In view of the foregoing findings and the entire record in this case,

IT IS, THEREFORE, ORDERED that the applicant, Tillamook County Mutual Telephone Company, be and the same hereby is authorized to increase its rates to those hereinbefore found to be just, reasonable and not unjustly discriminatory.

Immediately upon the establishment of these rates, the company shall file, according to law and the requirements of this Commission, a tariff or tariffs in which shall be published the rates to become effective, and a copy of which shall be posted in each of the company's exchanges for the information of the public.

The applicant shall in every other way conform its operations to the findings entered herein and shall hereafter keep its accounts in such manner as will readily show for each year the following items: Exchange operating revenues, toll operating revenues, other operating revenues, operating expenses and repairs, depreciation of plant and equipment, taxes, uncollectible operating revenue, interest and dividends.

A reasonable date for this order to become effective is January 1, 1919.

In the matter of the application of the **HEPPNER LIGHT AND WATER COMPANY** for authority to increase electric and water rates. } No. U-F-221

(ORDER ENTERED DECEMBER 4, 1918.—P. S. C. ORDER NO. 482)

An application was filed under date of April 12, 1918, by the Heppner Light and Water Company to place in effect increased electric and water rates in the

city of Heppner, Oregon. This application was followed by a supplemental application under date of May 13, 1918, stating that the increases desired were twenty per cent in excess of the then existing rates for such classes of service.

A hearing came on regularly in Heppner on August 2, 1918, at which testimony was taken on behalf of the applicant, interested citizens and the Commission, the electric and water utilities being considered as independent entities.

It appearing that the water utility operated by the Heppner Light and Water Company exists by virtue of a franchise granted by the town of Heppner in 1892 to H. V. Gates, his successors and assigns, and later transferred to the applicant, and subsequent ordinances extending the duration of this franchise and amendments thereof, the terms and conditions of which brought up a questioning of the jurisdiction of this Commission under the laws of this State to proceed to act on said application to increase water rates;

And it further appearing that under date of October 26, 1918, the attorney general rendered and delivered to this Commission his opinion holding that this Commission has not jurisdiction of the subject matter of the application herein so far as the same concerns or relates to the water rates or water system of said applicant in the city of Heppner, Oregon;

And now, therefore, in consideration of the opinion of the attorney general of the State of Oregon above mentioned and set out,

IT IS ORDERED that the application herein of the Heppner Light and Water Company for increased rates be and it hereby is dismissed insofar as said application pertains to water rates or the water system of the city of Heppner, Oregon, and that said application be continued as to the electric rates and the electric system of said Heppner Light and Water Company.



## APPENDIX II

## PART I—RAILROADS

## RECAPITULATION OF STEAM RAILROADS

For Year Ended December 31, 1918

Name of Railroad	Average Miles of Road Operated	Total Miles of Track Including Harris, Etc.	Capital Stock Outstanding		Funded Debt Outstanding		Fixed Capital Dec. 31, 1918
			\$	\$	\$	\$	
Astoria Southern Railway Company	11.20	12.00	10,000.00	350,000.00	\$	343,270.50	
*California & Oregon Coast Railroad Company	13.93	16.27	500,000.00	4,100.00		398,105.45	
Carlton & Coast Railroad Company	7.34			250,000.00		468,379.43	
*Clatskanie & Nehalem River Railroad	30.00		500.00			1,383,543.29	
Columbia & Nehalem River Railroad						230,722.81	
Central Railroad of Oregon	16.36	17.47		875,000.00		408,148,249.92	
Great Northern Railway, entire system	8,258.21	8,257.58	249,477,150.00	270,665,015.16		715,060.14	
Great Northern Railway, in Oregon	9.89	9.89	100,000.00	590,000.00		406,492.28	
Great Southern Railroad Company	40.69	44.32	250,000.00	500,000.00		3,223,022.09	
Mt. Hood Railroad Company	22.20	22.20	2,200,000.00	913,000.00		498,673,966.66	
Nevada, California, Oregon Railway, entire system	178.36	170.49	248,000,000.00	310,326,500.00		2,245,976.30	
Nevada, California, Oregon Railway, in Oregon	13.94	15.12		2,693,000.00		464,298.73	
Northern Pacific Railway Company, entire system	6,599.10	6,740.62	100,000,000.00	330,000.00		118,791,021.83	
Northern Pacific Railway Company, in Oregon	54.72	56.74	10,000,000.00	120,848,000.00		16,462,649.20	
*Northern Pacific Terminal Company of Oregon		30.08				161,174,606.30	
Oregon Pacific & Eastern Railway Company	23.63	27.78	200,250.00	94,981,305.00		2,082,569.39	
Oregon Short Line Railroad Company, entire system	2,325.53	2,347.59	100,000,000.00	300,000.00		348,470.85	
Oregon Short Line Railroad Company, in Oregon	241.00	241.00		10,000.00		442,993.65	
Oregon Trunk Railroad, entire system	156.91	156.91	10,000,000.00			129,563,762.82	
Oregon Trunk Railroad, in Oregon	156.18	182.93				60,301,347.04	
*O-W. R. & N. Lines, entire system	2,068.56	2,068.89	50,000,000.00			1,872,691.09	
*O-W. R. & N. Lines, in Oregon	918.10	918.10				972,214.67	
*Pacific & Eastern Railway	32.83	35.82	500,000.00			98,516.26	
*Portland & Oregon City Railway Company	15.85	16.35	109,500.00				
*Portland & Southwestern Railroad Company	11.00	12.60	360,000.00				
*C. A. Smith Lumber & Manufacturing Company							
†Southern Pacific Railroad, entire system	7,049.24	7,050.49	276,442,905.64	201,189,710.00			
†Southern Pacific Railroad, in Oregon	1,309.33	1,310.62					
Spokane, Portland & Seattle Railway, entire system	554.73	743.30	40,000,000.00	73,710,000.00			
Spokane, Portland & Seattle Railway, in Oregon	128.13	175.94					
Sumpter Valley Railway Company	79.83	97.74					
Valley & Milez Railroad Company	56.07	41.19	810,000.00	810,000.00			
Willamette Valley & Coast Railroad Company	5.40	6.00	100,000.00				

Name of Railroad	Operating Revenues	Operating Expenses	Taxes	Operating Income	Surplus or Deficit for the Year
Astoria Southern Railway Company	\$ 73,279.90	\$ 70,156.70	\$ 3,200.00	\$ 1,667.99	
*California & Oregon Coast Railroad Company	26,086.05	18,276.06	1,678.24	6,131.55	\$ 27,459.03
Carlton & Coast Railroad Company	22,072.76	17,425.51	736.08	3,910.87	
*Clatskanie & Nehalem Railroad					71,041.69
Columbia & Nehalem River Railroad	317,633.35	278,253.65	10,364.11	29,015.59	1,445.94
Central Railroad of Oregon	14,676.76	14,902.08	919.92	10,639,228.19	13,555,774.18
Great Northern Railway, entire system	100,661,066.94	84,389,569.63	5,626,103.28		
Great Northern Railway, in Oregon	64,234.59	95,368.19	318.75		
Great Southern Railroad Company	69,079.49	39,913.83	5,187.56	23,978.10	7,631.83
Mt. Hood Railroad Company	113,032.41	81,010.46	4,595.10	27,426.85	21,242.04
Nevada, California, Oregon Railway, entire system	293,510.19	274,949.00	18,156.44	6.94	49,263.99
Nevada, California, Oregon Railway, in Oregon	10,343.85	16,880.98	1,349.18		
Northern Pacific Railway Company, entire system	102,908,259.47	71,516,302.13	6,499,718.10	24,886,628.76	28,861,263.00
Northern Pacific Railway Company, in Oregon	255,953.62	348,647.58	25,000.00		
†Northern Pacific Terminal Co. of Oregon	75,734.35	532,430.44	121,553.21		
Oregon Pacific & Eastern Railway Company	42,266.50	28,909.00	2,270.46	11,087.09	26,215.00
Oregon Short Line Railroad Co., entire system	34,136,853.44	21,609,487.11	2,028,043.71	10,496,119.24	11,211,502.07
Oregon Short Line Railroad Company, in Oregon	858,389.13	787,556.30	52,148.17		
Oregon Trunk Railroad, entire system	432,407.35	532,084.13	54,183.11	153,960.33	64,777.36
Oregon Trunk Railroad, in Oregon	429,648.32	523,148.53	53,333.37		
†O-W. R. & N. Lines, entire system	26,264,956.78	19,731,478.61	1,512,046.19	5,019,143.63	4,771,121.46
†O-W. R. & N. Lines, in Oregon	16,948,532.76	11,449,118.18	728,446.35		
*Pacific & Eastern Railway	6,639.49	9,580.10	780.00	3,720.61	126,980.20
*Portland & Oregon City Railway Company	1,261.66	4,121.90	900.75		
*Portland & Western Railroad Company	59,254.02	56,074.41	3,400.00	230.39	1,105.39
*ZC. A. Smith Lumber & Manufacturing Co.		31,184.32			10,721.36
†Southern Pacific Railroad, entire system	153,948,641.25	113,652,897.90	7,127,320.10	33,127,096.07	35,122,050.54
†Southern Pacific Railroad, in Oregon	15,275,989.13	13,401,741.48	676,641.59		
Spokane, Portland & Seattle Ry., entire system	8,496,944.18	5,196,273.86	810,005.73	2,490,099.46	2,853,652.07
Spokane, Portland & Seattle Ry., in Oregon	2,070,762.34	1,924,118.85	556,716.94		
Sumpter Valley Railway Company	403,124.53	330,732.93	14,615.88	57,775.72	93,562.14
Valley & Siletz Railroad Company	105,132.03	92,740.78	2,100.00	10,291.25	27,119.61
Willamette Valley & Coast Railroad Company	9,524.41	9,628.52	297.40	401.51	1,461.51

\* Incomplete report.

† Includes Deschutes Railroad Co.; also water line operations.

‡ Operated on wheelage basis by S. P. Co. and all other statistics included.

§ Includes Beaverton &amp; Willsburg Railroad, Central Pacific Railway and Oregon &amp; California Railroad; also water operations.

|| Operates Union Station and terminal yards in Portland. Net annual deficit defrayed by tenant companies and its revenue and operating expenses have been apportioned to and are included in the statistics of the tenant companies above.

Bold face type indicates deficit.

## RECAPITULATION OF ELECTRIC RAILROADS

For Year Ended December 31, 1918

Name and Location of Utility	Average Miles of Road Operated	Total Miles of Track Including Barns, Etc.	Capital Stock Outstanding	Funded Debt Outstanding	Fixed Capital Dec. 31, 1918
Kenton Traction Company	2.90	3.00	\$ 20,000.00	11,652,981.28	\$ 96,801.48
Oregon Electric Railway Company	156.25	197.85	2,530,000.00	†	13,146,755.23
Pacific Power & Light Company, in Astoria	5.07	5.56	†	†	†
Portland Railway, Light & Power Company, entire system	185.16	310.48	21,250,000.00	43,652,000.00	34,272,200.21
Portland & Troutdale Electric Railway Company	1.50	1.50	19,000.00	.....	.....
*Southern Oregon Traction Company	.....	.....	.....	.....	.....
Southern Pacific Company	.....	Included in Steam Railroad Report and not segregated	.....	.....	.....
United Railways Company, entire system	29.82	37.67	3,000,000.00	.....	6,232,018.44
Walla Walla Valley Railway Company, entire system	23.53	27.74	500,000.00	495,000.00	1,010,302.64
*Walla Walla Valley Railway Company, in Oregon	.....	.....	.....	.....	231,942.92
Willamette Valley Southern Railway Company	45.12	46.34	1,181,500.00	999,586.55	1,920,383.14
Name and Location of Utility	Operating Revenues	Operating Expenses	Taxes	Operating Income	Surplus or Deficit for the Year
Kenton Traction Company	\$ 43,738.39	\$ 35,031.57	\$ 780.00	\$ 7,926.82	\$ 7,542.73
Oregon Electric Railway Company	1,021,695.60	1,049,555.52	77,500.59	106,360.51	41,470.96
Pacific Power & Light Company, in Astoria	59,739.52	38,885.87	4,529.15	16,324.50	†
Portland Railway, Light & Power Co., entire system	4,960,315.65	3,731,231.70	418,343.47	810,740.48	321,906.58
Portland & Troutdale Electric Railway Co.	4,300.55	5,927.27	95.45	1,722.17	1,722.17
*Southern Oregon Traction Company	.....	.....	.....	.....	.....
Southern Pacific Company	.....	.....	.....	.....	.....
United Railways Company, entire system	85,832.74	123,295.30	7,742.97	45,205.53	307,378.56
Walla Walla Valley Railway Co., entire system	104,101.92	83,301.41	6,257.51	14,543.00	11,935.31
*Walla Walla Valley Railway Co., in Oregon	26,025.48	20,825.33	.....	.....	.....
Willamette Valley Southern Railway Company	88,371.28	93,465.65	5,709.39	10,807.76	72,643.53

\* Incomplete report.

† Joint utility, see report under Electric Utilities, for joint items marked "†."

Hold face type indicates deficit.

*Income Account:*

Railway operating revenues .....	\$ 88,371.28
Railway operating expenses .....	93,469.65
Deficit from railway operations .....	\$ 5,098.37
Taxes assignable to railway operations .....	5,709.39
Operating deficit .....	\$ 10,807.76
Nonoperating income .....	158.31
Gross deficit .....	\$ 10,649.45

*Deductions from Gross Income:*

Interest on funded debt .....	\$ 44,484.75
Interest on unfunded debt .....	14,695.00
Amortization of discount on funded debt .....	2,520.85
Other deductions .....	294.08
Total deductions .....	\$ 61,994.08
Deficit balance transferred to profit and loss .....	\$ 72,643.53

*Profit and Loss Account:*

Debit balance at beginning of year .....	\$199,685.05
Debit balance transferred from income .....	72,643.83
Other debits .....	516.37
Total .....	\$272,844.95
Miscellaneous credits .....	885.00
Debit balance carried to balance sheet .....	\$271,959.95

## SLEEPING CAR COMPANY

## The Pullman Company

Organized June 15, 1867, under act of the general assembly of the State of Illinois, as Pullman's Palace Car Company. Name changed to The Pullman Company under provisions of a general law of Illinois entitled "an act relating to corporations," approved April 10, 1872.

*Nature of Business:* The manufacture of railway equipment (none of which is done in Oregon) and furnishing to railway companies of sleeping cars fitted with berths and bedding for the accommodation of passengers therein. The latter is the only business done in the State of Oregon.

*Principal Business Office:* Chicago, Illinois.

Under federal operation during the year.

*Principal Corporate Officers:* President, John S. Runnells; Vice Presidents, Richmond Dean, Clive Runnells, Joseph B. Weaver; Secretary, John S. Kane; Assistant Treasurer, W. J. Peters; Auditor, E. C. Morris.

*Principal Federal Officers:* Federal Manager, L. S. Taylor; Federal Treasurer, A. A. Cummins; Federal Auditor, Wm. Hough; General Manager, L. S. Hungerford. District Superintendent in Oregon, C. Lincoln, Portland, Ore.



## FINANCIAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	<i>Corporate Report</i>	<i>Report of Federal Operations</i>
Investment in plant and equipment .....	\$163,089,906.07		\$ .....
Miscellaneous physical property .....	6,650.53		.....
Investments in affiliated companies .....	858,550.12		.....
Other investments, stocks and bonds .....	7,356,777.40		.....
Cash .....	712,255.19		3,795,552.81
Loans and bills receivable .....	1,000,000.00		40.95
Net balance receivable from agents and con- ductors .....			678,910.25
Miscellaneous accounts receivable .....	682,072.47		3,630,009.61
Material and supplies .....	1,311,598.92		5,800,546.14
Federal inter-road clearance accounts .....			72,482.77
Other assets .....	6,427,285.97		274,974.46
Deferred assets .....	7,532,031.20		.....
U. S. Government deferred assets .....	23,723,479.65		.....
Administration ledger control account .....			4,000,000.00
U. S. Government standard return, less advances .....	11,123,595.53		.....
Company unadjusted debits .....			22,190,270.68
<b>Totals .....</b>	<b>\$223,824,203.05</b>		<b>\$ 40,442,787.17</b>

*Liabilities*

Capital stock .....	\$120,000,000.00		
Audited accounts and wages payable .....	2,480,601.50		\$ 5,911,130.27
Dividends matured, unpaid .....	21,424.00		.....
Unmatured dividends declared .....	1,590,669.34		.....
Federal inter-road clearance account .....			285,845.35
Other current liabilities .....	716,576.23		402,815.67
U. S. Government deferred liabilities .....	22,190,073.11		.....
Company deferred liabilities .....			17,092,688.91
Miscellaneous reserves .....	2,274,656.93		43,800.00
Accrued depreciation—equipment .....	54,149,397.07		6,519,460.90
Accrued depreciation—other physical property .....	747,366.16		80,843.17
Other unadjusted credits .....	100,000.00		.....
Profit and loss credit balance .....	19,553,438.71		10,106,202.90
<b>Totals .....</b>	<b>\$223,824,203.05</b>		<b>\$ 40,442,787.17</b>

*Operating Revenues:*

From all lines in or which enter Oregon (state and interstate) .....	\$1,826,321.51
Oregon's proportion of same on mileage basis after deducting earnings purely local to other states and proportion of inter- state earnings arising from business that did not touch Oregon, approximately (of which \$75,124.72 was purely local business in Oregon) .....	444,739.85

	<i>Entire Line in or Entering Oregon</i>	<i>Oregon's Mileage Proportion</i>
<i>Operating Expenses:</i>		
Salaries and wages paid officers and employees .....	509,220.59	\$ 159,274.91
Repairs to cars and equipment (partly esti- mated) .....	411,452.46	128,694.82
Other expenses .....	487,139.59	152,368.37
<b>Totals .....</b>	<b>\$ 1,407,812.64</b>	<b>\$ 440,338.10</b>

Taxes paid in Oregon (included above in "Other Expenses") .....

Lines in or entering Oregon. Cars required: Standard sleeping cars 279, tourist 90; total 369 cars. Total miles run: Standard cars 16,168,433, tourist 7,100,431; total 23,268,864. In Oregon alone: Standard cars 5,185,854, tourist 2,092,222, total 7,278,076 miles.

## EXPRESS COMPANIES

### American Express Company

This company was organized under the common law of the State of New York, November 25, 1868, being a merger of a predecessor American Express Company organized March 18, 1850, and the Merchants' Union Express Company organized November 15, 1859. Each of the constituent companies was an unincorporated association organized under the common law of the State of New York. In 1891 the entire capital stock of the New England Despatch Company, a Massachusetts corporation, was acquired, and while its corporate existence is still maintained it does not transact any business.

This company is not a corporation, but a voluntary partnership or association of individuals organized under articles of agreement between its members. It possesses no rights, privileges or franchises other than such as are enjoyed by any private individual or association of individuals.

*Principal Business Office:* 65 Broadway, New York, N. Y.

*Principal Officers:* President, Geo. C. Taylor, 65 Broadway, New York, N. Y.; First Vice President, Frederick P. Small, 65 Broadway, New York, N. Y.; Vice President, Howard K. Brooks, 65 Broadway, New York, N. Y.; Secretary, Frederick P. Small, 65 Broadway, New York, N. Y.; Treasurer, James F. Fargo, 65 Broadway, New York, N. Y.; Comptroller, Robt. C. James, 65 Broadway, New York, N. Y.

### Great Northern Express Company

Organized January 1, 1892, under laws of the State of Minnesota; articles filed January 20, 1892.

*Principal Business Office:* St. Paul, Minn.

*Principal Officers:* President, E. C. Lindley; Vice President, G. R. Martin; Secretary and Treasurer, J. L. Paetzold; Comptroller, G. R. Martin.

### Northern Express Company

Organized June 4, 1906, under laws of the State of New Jersey.

*Principal Business Office:* St. Paul, Minn.

*Principal Officers:* President, Howard Elliott, New York, N. Y.; Vice Presidents, Thomas Cooper, St. Paul, Minn., and Geo. H. Earl, New York, N. Y.; Secretary, R. H. Relf, St. Paul, Minn.; Treasurer, E. A. Gay, New York, N. Y.; Comptroller, F. W. Sweeney, St. Paul, Minn.; Auditor, R. V. Onslow, St. Paul, Minn.

### Wells Fargo & Company

Organized February 5, 1866, as the Holladay Overland Mail & Express Company; name subsequently changed to Wells Fargo & Company. Organized in Colorado by an act entitled "An act to incorporate the Holladay Overland Mail & Express Company," approved February 5, 1866, and act supplemental thereto approved January 26, 1872.

The Pioneer Stage Company, the Overland Mail & Express Company, and Wells Fargo & Company were merged into the above Holladay Overland Mail & Express Company in 1866, and the change in name to Wells Fargo & Company occurred the same year.

The Holladay Overland Mail & Express Company was originally organized with a capital of \$3,000,000, which was increased to \$15,000,000 at the time of the merger later the same year. This capitalization was subsequently reduced to \$5,000,000, which amount is reported by the directors under oath as fully paid up. Existing records do not show whether paid up in cash, real estate, equipment or securities, and no person now living is able to give these details. Thirty thousand shares at a par value of \$3,000,000 were later issued at various times as advance payments on contracts. A further increase to \$24,000,000 was made by resolution of the stockholders at a meeting held for the purpose December 23, 1909.

*Principal Officers:* President, B. D. Caldwell, New York, N. Y.; Vice President, A. Christeson, San Francisco, Cal.; Vice President, E. A. Stedman, Chicago, Ill.; Vice President and General Counsel, C. W. Stockton, New York, N. Y.; Vice President in Charge of Traffic, F. S. Holbrook, New York, N. Y.; Vice President and Comptroller, J. W. Newlean, Chicago, Ill.; Secretary, C. H. Gardiner, New York, N. Y.; Treasurer, B. H. River, New York, N. Y.; General Manager, A. Christeson, San Francisco, Cal.; General Manager, E. A. Stedman, Chicago, Ill.

The American, Great Northern, Northern and Wells Fargo & Company Express Companies, among others throughout the country, ceased business at midnight of June 30, 1918, and were superseded by the American Railway Express Company, as outlined below.

### American Railway Express Company

Organized June 22, 1918, under laws of the State of Delaware, by the Adams, American, Southern and Wells Fargo & Co Express Companies for the purpose of carrying on for the Director General of Railroads the express transportation business upon the railroads and systems of transportation under federal control and elsewhere, as directed by the Director General.

The authorized capital stock of the company is \$40,000,000. The Adams, American, Southern and Wells Fargo Companies transferred to the American Railway Express Company the property owned and used by them, respectfully, in conducting their express transportation business in the United States, valued at about \$30,000,000, and \$3,000,000 in cash, making a total of \$33,000,000, for which stock is to be issued upon the approval of the Director General.

On November 18, 1918, the President of the United States formally took possession and assumed control of the system of transportation of the company and of its property, and at the end of the year has possession and is exercising control and operation of said express transportation system through the Director General of Railroads.

No stock has been issued up to the end of the year.

*Principal Business Office:* 65 Broadway, New York, N. Y.

*Principal Officers:* Chairman of the Board, Burns D. Caldwell, 51 Broadway, New York, N. Y.; President, George C. Taylor, 65 Broadway, New York, N. Y.; Vice Presidents in Charge of Operations, R. E. M. Cowie, Grand Central Terminal, New York, E. M. Stedman, 111 W. Monroe St., Chicago, Ill., C. D. Summy, Railway Exchange Building, St. Louis, Mo., E. M. Williams, Empire Building, Atlanta, Ga., and A. Christeson, 85 Second St., San Francisco, Calif.; Vice President in Charge of Traffic, D. S. Elliott, 65 Broadway, New York, N. Y.; Vice President in Charge of Accounts, J. W. Newlean, 65 Broadway, New York, N. Y.; Vice President and Treasurer, C. S. Spencer, 61 Broadway, New York, N. Y.; Secretary, F. P. Small, 65 Broadway, New York, N. Y.

The appended statement of financial, operating and other statistics covers the six months ended June 30, 1918, for the American, Great Northern, Northern and Wells Fargo Express Companies and for the six months July 1 to December 31, 1918, inclusive, for the American Railway Express Company, their successor.

## STATISTICS

For Year Ended December 31, 1918

Entire System	American Express Company	Great Northern Express Company	Northern Express Company	Wells Fargo & Co.	American Railway Express Company
<b>MILEAGE COVERED:</b>					
Steam railroads	70,872.26	8,573.91	8,038.03	77,403.07	239,282.12
Electric railroads	1,064.08	335.50	14.10	4,421.90	6,951.35
Inland steamboats				4,502.87	8,386.00
Coastwise steamboat lines	1,174.25	168.00	221.00	30,391.00	32,019.82
Transoceanic steamship lines				25,977.00	4,392.00
State lines				1,178.07	1,175.42
Miscellaneous, ferry line	4.50			664.50	4.50
Total mileage operated	73,115.09	9,077.41	8,273.13	144,538.41	292,210.91
<b>CAPITAL STOCK:</b>					
Authorized	\$ 18,000,000.00	\$ 1,000,000.00	\$ 5,000,000.00	\$ 24,000,000.00	\$ 40,000,000.00
Outstanding	18,000,000.00	1,000,000.00	5,000,000.00	23,987,400.00	
Dividends declared during the period	516,474.00		500,000.00	719,022.00	
Funded debt—none.					
<b>COST OF REAL PROPERTY AND EQUIPMENT:</b>					
Land	\$ 3,800,124.91	\$ 5,331.67		\$ 1,531,470.21	\$ 4,999,377.69
Buildings	6,337,403.32	5,654.61	494.93	3,970,772.73	9,934,473.94
Equipment	9,136,375.67	156,589.53	316,127.58	6,199,890.70	14,774,499.41
Totals	\$ 19,531,947.53	\$ 167,625.81	\$ 316,622.51	\$ 11,702,133.64	\$ 29,708,351.04
<b>INCOME ACCOUNT:</b>					
Charges for transportation	\$ 43,508,142.13	\$ 1,762,831.60	\$ 1,706,951.12	\$ 32,812,974.27	\$ 128,128,620.71
Express privileges, Dr.	21,671,059.03	1,061,700.09	1,053,239.42	17,834,524.79	64,237,727.78
Revenue from transportation	\$ 21,837,083.10	\$ 701,131.51	\$ 653,651.70	\$ 16,378,449.48	\$ 63,890,892.93
Revenue from operations other than transportation	1,712,811.68	32,192.50	25,591.49	601,504.01	2,538,951.91
Total operating revenues	\$ 23,549,894.78	\$ 733,324.01	\$ 679,243.19	\$ 16,579,953.49	\$ 66,429,844.84
Operating expenses	24,516,170.21	685,384.19	727,510.55	17,667,159.56	75,527,534.07
Net operating revenue, or loss	\$ 966,275.43	\$ 47,959.82	\$ 48,267.36	\$ 1,067,208.07	\$ 9,067,689.23

\* Contracted for but not yet issued.

† Also 141 offices outside of United States.

## STATISTICS—Continued

Entire System	American Express Company	Great Northern Express Company	Northern Express Company	Wells Fargo & Co.	American Railway Express Company
Uncollectible revenue from transportation.....	19,031.86	356.76	402.76	20,754.99	6,927.49
Express taxes .....	280,447.08	48,035.50	143,657.11	280,264.60	765,699.45
Operating income, or loss .....	\$ 1,266,754.37	\$ 432.44	\$ 192,357.23	\$ 1,388,225.66	\$ 9,570,316.17
Other income (rents, dividends, etc.) .....	446,015.53	101,342.64	131,254.66	592,612.25	300,785.14
Gross income, or loss .....	\$ 819,738.94	\$ 100,910.20	\$ 61,072.57	\$ 796,613.41	\$ 9,569,531.03
Deductions from gross income (interest, etc.) .....	162,387.49	169.46	124.42	105,692.38	22,324.36
Net income, or loss .....	\$ 982,126.32	\$ 100,740.74	\$ 61,196.99	\$ 901,305.79	\$ 9,591,855.39
Dividend appropriations of income .....	.....	.....	.....	719,022.00	.....
Income balance transferred to profit and loss .....	\$ 982,126.32	\$ 100,740.74	\$ 61,196.99	\$ 1,620,327.79	\$ 9,591,855.39
PROFIT AND LOSS ACCOUNT:					
Credit balance at beginning of year .....	\$ 6,213,917.06	\$ 632,473.23	\$ 1,129,311.41	\$ 4,122,784.98	.....
Credit balance transferred from income .....	.....	100,740.74	.....	.....	.....
Unrefundable overcharges .....	1,364.31	101.19	116.53	23,191.53	8,379.26
Miscellaneous credits .....	33,596.84	457.24	15,423.46	23,527.61	9,583,950.87
Total credits .....	\$ 6,248,378.21	\$ 733,772.40	\$ 1,144,851.40	\$ 4,169,504.12	\$ 9,592,330.13
Debit balance transferred from income .....	\$ 982,126.32	.....	\$ 61,196.99	\$ 1,620,327.79	\$ 9,591,855.39
Dividend appropriations of surplus .....	516,575.00	.....	500,000.00	.....	.....
Miscellaneous debits .....	32,186.28	1,325.52	961.23	1,393.93	.....
Credit, balance carried to balance sheet .....	4,718,091.60	\$ 731,946.88	582,693.18	2,547,782.40	474.74
Total debits .....	\$ 6,248,378.21	\$ 733,772.40	\$ 1,144,851.40	\$ 4,169,504.12	\$ 9,592,330.13
BALANCE SHEET—ASSETS:					
Real property and equipment .....	\$ 19,531,947.53	\$ 167,625.81	\$ 316,622.51	\$ 11,702,133.64	\$ 29,708,351.04
Miscellaneous physical property .....	2,051,078.00	.....	.....	843,236.21	.....
Investments in affiliated companies .....	1,085,612.95	.....	.....	10,000.00	.....
Other investments (stocks, bonds, etc.) .....	13,685,522.28	.....	5,254,815.01	19,702,702.52	3,100,534.81
Cash and special deposits .....	3,634,307.41	27,277.64	93,231.24	8,205,644.67	20,930,335.66
		172,916.30			

Other current assets .....	17,951,257.05	1,708,437.40	83,239.95	7,361,430.02	27,039,035.75
Deferred assets .....	527,997.64	.....	.....	1,046,666.39	.....
Unadjusted debits .....	1,121,447.25	33,395.22	7,189.00	198,726.42	3,423,503.59
Totals .....	\$ 59,589,170.11	\$ 2,109,652.37	\$ 5,755,097.71	\$ 49,070,629.87	\$ 83,201,750.85
<b>LIABILITIES:</b>					
Capital stock outstanding .....	\$ 17,182,600.00	\$ 1,000,000.00	\$ 5,000,000.00	\$ 23,967,400.00	*\$34,719,548.41
Current liabilities .....	29,869,473.31	200,891.34	74,093.12	18,093,629.71	39,986,849.29
Deferred liabilities .....	52,296.50	.....	.....	.....	.....
Operating and insurance reserves .....	1,101,657.58	21,185.02	.....	1,496,579.53	7,392,639.73
Accrued depreciation, buildings .....	1,201,876.81	259.83	.....	334,258.18	132,968.41
Accrued depreciation, equipment .....	3,968,474.82	53,633.66	89,551.31	2,574,153.57	1,055,196.77
Other unadjusted credits .....	1,394,698.69	1,714.34	8,708.96	36,826.48	2,548.24
Total corporate surplus .....	4,718,091.60	831,946.88	582,693.18	2,547,782.40	.....
Totals .....	\$ 59,589,170.11	\$ 2,109,652.37	\$ 5,755,097.71	\$ 49,070,629.87	\$ 83,201,750.85
Money orders, C. O. D. checks, travelers' checks, etc., issued during period .....	.....	.....	.....	.....	Does not issue
Express offices in U. S. on December 31, 1918 .....	† 9,610	935	755	8,990	28,544
Ratio operating expenses to operating revenues .....	104.2%	93.4%	107.1%	106.5%	113.7%
Total mileage operated in Oregon .....	1,363.93	307.59	34.85	1,384.84	3,274.41
Taxes paid in Oregon .....	\$ 2,423.42	\$ 737.42	\$ 2,560.59	\$ 11,341.60	\$ 11,399.28

\* Contracted for but not yet issued.

† Also 141 offices outside of United States.

# TWELFTH ANNUAL REPORT OF THE

Name of Utility and Location	Capital Stock Outstanding	Funded Debt Outstanding	Fixed Capital Dec. 31, 1918	Operating Revenues
	\$	\$	\$	\$
Amity Light & Power Company..... Amity.....			26,033.09	5,824.62
Atwood Lee Company..... Wasco.....			8,168.91	4,458.50
Aumsville Electric Company..... Aumsville.....	5,000.00		3,544.95	479.32
Bandon Power Company..... Bandon.....	29,608.00	4,000.00	39,477.30	12,969.63
*Beaver Improvement Power Company..... Beaver.....	1,283.00	3,000.00	4,283.00	326.18
*Bend Water, Light & Power Co..... Bend.....	† 230,000.00	† 100,000.00	237,596.00	56,328.07
† Brookings Land & Townsite Company..... Brookings.....	† 150,000.00		1,976.11	1,918.10
† California Oregon Power Company..... Rogue River Div.....	† 8,233,000.00	† 5,600,000.00	13,642,429.82	161,389.62
*Clatskanie Light & Power Company..... Clatskanie.....	50,000.00	16,808.12	335,674.89	82,705.17
Coast Power Company..... Tillamook.....	50,000.00	50,000.00	83,160.26	3,976.51
*Corrin, M. A..... Powers.....			128,262.23	3,943.82
*Columbia River Light & Power Co..... Cascade Locks.....	50,000.00		58,032.03	3,703.65
Condon Electric Company..... Condon.....	7,600.00	4,455.00	20,683.06	2,146.67
*Consolidated Electric Light Company..... John Day.....			19,000.00	7,615.06
*Cottage Grove Electric Company..... Cottage Grove.....	50,000.00	15,000.00	58,720.95	4,900.00
*Creswell Electric Light & Power Co..... Creswell.....				17,521.69
† Deschutes Power Company..... Prineville.....	† 287,900.00		286,495.85	1,800.00
† Douglas County Light & Water Co..... Roseburg.....	† 300,000.00	† 529,000.00		50,963.93
† Eastern Oregon Light & Power Co..... Baker.....	† 1,841,900.00	† 1,205,725.00		53,264.17
*Electric Light & Power Co..... Burns.....	10,000.00			207,220.59
Enterprise Electric Company..... Enterprise.....	153,000.00	50,000.00	21,356.60	4,938.70
Falls City Electric Light & Power Co..... Falls City.....		7,100.00	228,942.39	39,501.13
Florence Electric Company..... Florence.....	10,000.00	1,500.00	9,960.80	4,166.65
*Foster Light & Power Company..... Foster.....			17,018.12	2,939.26
*Heppner Light & Water Company..... Heppner.....	† 24,000.00			
Hermiston Light & Power Company..... Hermiston.....	10,000.00	24,800.00	66,358.98	20,401.21
Idaho Power Company..... Ontario.....	15,808,000.00	4,500,000.00	51,045.53	15,093.49
Jensen, N. P..... Lakeview.....			23,787,731.93	176,951.76
Keno Power Company..... Keno.....	180,000.00		34,430.88	8,732.83
*Lebanon Electric Light & Water Co..... Lebanon.....	† 25,000.00		206,404.16	4,873.40
*Molalla Electric Company..... Canby.....	† 50,000.00		39,089.45	13,895.68
*Mountain States Power Company..... Coos Bay District.....	† 3,489,700.00	† 2,558,450.00	22,537.82	12,784.73
Mountain States Power Company..... Dallas District.....			123,781.28	120,053.12
Mountain States Power Company..... Springfield District.....			864,564.61	4,711.33
*North Coast Power Company..... Hillsboro District.....	† 1,750,000.00	† 1,165,400.00	197,768.18	185,897.81
				37,537.60

North Coast Power Company.....				54,969.25	8,680.55
*North Yamhill Electric Light Plant.....				4,750.00	2,509.50
*Northwestern Electric Company.....				8,653,666.67	894,348.57
†Oswego Lake Water, Light & Power Co., Oswego.....	11,733,500.00	4,979,000.00		22,600.77	6,320.62
†Pacific Power & Light Company.....	5,000.00	37,000.00		192,249.66	94,703.16
†Astoria and Seaside.....	10,300,000.00	8,863,000.00		85,342.24	34,530.68
Pacific Power & Light Company.....				43,724.26	19,032.81
Pacific Power & Light Company.....				99,611.21	30,356.82
Pacific Power & Light Company.....				5,000.00	800.00
†Paisley Electric Light & Power Co., Paisley.....	21,250,000.00	43,652,000.00		25,417,785.48	2,267,907.74
†Portland Railway, Light & Power Co., Portland.....	25,500.00			165,173.88	18,826.98
*Prairie Power Company.....				8,003.67	13,942.92
*Prairie Shaffer Milling Company.....				600.00	200.00
*Scott, Charles.....				41,416.91	13,667.42
*Sheridan Light & Power Company.....	22,500.00	9,000.00		3,446.30	
*Smith Powers Logging Company.....				17,795.14	3,858.73
*Stayton Electric Light Company.....				26,729.52	16,744.40
*St. Helens Lumber Company.....		14,300.00		62,533.40	2,789.33
†Sumpter Power & Water Company.....	100,000.00	56,000.00		24,582.04	2,893.29
Sutherlin Light & Power Company.....	40,000.00			28,465.56	6,416.04
†Tualatin Valley Electric Company.....	30,000.00	15,000.00		25,000.00	1,776.36
†Turner Electric Light & Power Co., Turner.....	15,000.00	10,000.00		10,000.00	1,938.10
†Umpqua Light & Power Company.....	4,600.00	6,000.00		104,316.43	9,991.54
Vale Electric Company.....	100,000.00	2,000.00		14,758.96	1,707.74
Willamina Electric Company.....				171,517.87	41,628.65
Yamhill Electric Company.....	100,000.00	3,000.00			17,350.78
Yamhill Bay Railway & Lumber Co., Toledo.....					

† Covers property outside of this state.

† Bold face type indicates deficit.

\* Incomplete report.

† No allowance for depreciation included in operating expenses.

† Items cover joint utility service; for items of other service see report same utility under Gas or Water Utilities.

† Utility has operations outside this state.



## RECAPITULATION OF ELECTRIC UTILITIES

For Year Ended December 31, 1918

Name of Utility and Location	Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	No. of Customers Dec. 31, 1918
Amity Light & Power Company	5,438.75	\$ 116.14	\$ 269.70	\$ 540.73	162
Atwood Electric Company	4,301.80	124.32	32.38	32.38	104
Aumsville Electric Company	5,570.03	53.18	191.89	185.39	79
Randon Power Company	17,907.00	631.83	5,591.32	6,582.57	292
*Beaver Improvement Power Company	1,100.00	71.65	94.73	131.65	
*Bend Water, Light & Power Co.	26,409.31	5,755.95	24,387.81	3,674.04	1,151
*Brookings Land & Townsite Company	1,1615.45		302.65	298.32	71
*California Oregon Power Company	134,708.44	12,622.69	12,892.10	3,677	1,341
*California Oregon Power Company	37,440.59	3,229.12	41,150.24	169,897.78	
*Clatskanie Light & Power Company	3,948.31	222.80	204.90		
Coast Power Company	28,722.85	1,325.00	7,618.64	4,569.31	841
*Coffin, M. A.	414.65		3,280.44		79
*Columbia River Light & Power Co.	2,951.36		1,049.17	3,385.52	
Condon Electric Company	6,213.07	98.53	1,150.28	796.38	204
*Consolidated Electric Light Company	3,819.07	223.71	921.82		
Cottage Grove Electric Company	15,228.22	158.33	1,450.50		582
*Creswell Electric Light & Power Co.	1,550.00	62.64	142.00	262.50	75
*Deschutes Power Company	27,523.36	6,008.14	16,859.73	285.05	778
*Douglas County Light & Water Co.	15,029.09	2,308.35	35,813.21	25,316.31	1,368
Roseburg	100,132.35	2,233.64	91,185.64	17,174.18	4,974
*Baker	4,927.23	150.54	330.67		192
*Burns	21,102.52	3,379.85	15,006.11	5.01	1,118
Enterprise Electric Company	4,074.31	127.15	339.88	817.96	146
Falls City Electric Light & Power Co.	3,054.10	182.32	297.16	417.16	80
Florence Electric Company					25
*Florence Light & Power Company	27,639.99	624.10	8,046.67	12,540.39	424
*Hepner Light & Water Company	8,212.90	915.38	5,921.96	1,080.44	444
Hermiston Light & Power Company	59,687.24	24,577.66	90,833.87	96,132.08	953
Hermiston Light & Power Company	7,672.77	113.95	679.95	380.87	216
Idaho Power Company	3,882.04	381.13	101.23	585.19	37
Keno Power Company	10,881.04	630.39	2,445.30	792.94	304
*Lebanon Electric Light & Water Co.	10,831.34	1,079.25	1,098.64		432
*Mallala Electric Company	54,496.34	7,165.68	57,837.85	62,936.94	2,631
Mountain States Power Company	33,955.14	3,383.16	7,111.87		
Mountain States Power Company	114,978.58	13,632.63	65,971.74		
*North Coast Power Company	23,611.02	1,567.82	12,358.86	4,238.83	

North Coast Power Company.....	5,951.42	465.37	2,293.76	341
*North Yamhill Electric Light Plant.....	2,473.13	47.72	11.55	105
†Oswego Lake Water, Light & Power Co.Oswego.....	456,865.07	104,600.01	327,850.87	11,349
†Pacific Power & Light Company.....	5,668.22	174.92	2,097.56	368
†Astoria and Seaside.....	14,950.00	82,042.95	178,816.34	3,777
†The Dalles.....	6,432.00	43,954.36	.....	1,660
†Hood River.....	3,298.00	21,152.22	.....	1,255
†Pendleton.....	7,519.00	61,197.40	.....	1,785
†Paisley.....	280.00	12.50	592.50	52
†Portland.....	785,341.95	199,818.61	1,271,986.46	42,432
†Portland Power Company.....	11,985.10	702.00	.....	149
*Preston Shaffer Milling Company.....	13,979.67	260.26	652.21	299
*Athena.....	200.00	.....	.....	12
*Scott, Charles.....	11,791.41	565.91	1,310.10	253
Sheridan Light & Power Company.....	.....	.....	.....	.....
†Smith Powers Logging Company.....	.....	.....	.....	.....
*Stayton Electric Light Company.....	3,554.14	152.57	152.02	164
*St. Helens.....	9,066.22	352.85	7,325.33	329
†Sumpter.....	9,721.80	170.99	7,140.26	63
†Sutherlin.....	3,451.45	319.74	1,924.00	129
†Tualatin Valley Electric Company.....	5,911.73	219.00	1,140.17	241
†Turner.....	1,950.00	244.68	581.68	70
†Turner Electric Light & Power Co.....	.....	.....	.....	.....
†Vale.....	1,178.50	61.50	698.10	73
†Vale Electric Company.....	6,132.35	279.19	3,477.47	250
†Williamina Electric Company.....	2,654.00	148.85	1,095.11	74
Yamhill Electric Company.....	26,941.14	2,950.00	11,701.20	1,205
*Yaquina Bay Railway & Lumber Co.....	12,861.75	990.68	5,152.50	522
†Toledo.....	.....	.....	.....	.....

|| Covers property outside of this state.

|| Bold face type indicates deficit.

\* Incomplete report.

† No allowance for depreciation included in operating expenses.

‡ Items cover joint utility service; for items of other service see report same utility under Gas or Water Utilities.

† Utility has operations outside this state.

## RECAPITULATION OF WATER UTILITIES

For Year Ended December 31, 1918

Name of Utility and Location	Capital Stock Outstanding	Funded Debt Outstanding	Fixed Capital Dec. 31, 1918	Operating Revenues
Ardenwald Water Company.....	\$ 1,850.00		\$ 3,624.42	\$ 365.46
Bar View Water & Light Co.....	†			156.30
Bend Water, Light & Power Co.....	†	†	54,202.17	22,286.40
Brookings Land & Townsite Co.....	†	†	3,208.98	1,256.57
California Oregon Power Company.....	†	†	183,562.53	27,296.50
California Oregon Power Company.....				280.50
Cascade Water Company.....	540.00		1,387.50	619.10
Cherry Grove Land Company.....	20,000.00		5,000.00	709.04
Citizens Water & Light Co.....	2,600.00		3,940.66	750.10
Corfin, M. A.....	†	†		2,180.00
Cold Springs Water Company.....			5,000.00	254.00
Columbia City Water Works.....			1,218.85	659.00
Coos Bay Water Company.....	250,000.00	\$120,000.00	369,449.27	50,896.53
Creswell Water Company.....				878.43
Deschutes Power Company.....	†	†	30,459.37	8,563.46
Donald Water Company.....	3,000.00		3,141.39	311.50
Douglas County Light & Power Company.....	†	†	72,797.58	22,281.04
Drain Water Company.....	6,000.00	18,000.00	24,000.00	2,173.66
Drain Water Company.....				2,076.80
Garhart Park Company.....				
Gold Beach Water, Light & Power Company.....	3,230.00		3,865.87	478.42
Harrisburg Water System.....			11,500.00	2,100.00
Heppner Light & Water Company.....	†	†	47,707.15	9,116.00
Jefferson Water Company.....			15,000.00	2,555.97
Junction City Water Company.....	14,950.00		6,306.70	1,774.95
Lakeview Water Works.....			71,050.00	8,464.10
Lebanon Electric Light & Water Co.....	71,050.00		25,985.32	6,076.92
Maplewood Water Company.....	†	†	9,400.00	416.25
Maplewood Water Company.....				
Moster Water Service.....			495.52	
Mountain States Power Company.....			10,370.14	514.60
Mountain States Power Company.....	†	†	161,582.88	28,951.75
Mountain States Power Company.....			24,234.40	5,138.70
Mountain States Power Company.....			29,552.12	6,438.26
Moyer Water System.....				1,986.81
North Coast Power Co.....				12,760.70
North Yamhill Water Company.....			188,355.73	1,695.23
Old Water System of Canyon City.....	8,175.00		9,816.14	106.20

Ontario Water Company.....	Ontario.....	40,300.00	†	.....	60,398.66	3,171.57
†Oswego Lake Water, Light & Power Co.....	Oswego.....	.....	.....	.....	29,044.44	4,942.97
Rainier Water Company.....	Rainier.....	.....	.....	.....	.....	114.00
†Rakel Water Supply System.....	Canemah.....	.....	.....	.....	3,457.00	626.00
Reed Water Works, W. P.....	Gardiner.....	.....	.....	.....	2,000.00	681.65
*Rockaway Beach Company.....	Bay City.....	4,000.00	.....	.....	2,000.00	382.51
†Rogue River Public Service Corporation.....	Gold Hill.....	.....	.....	100,000.00	155,200.79	21,376.49
Rogue River Water Company.....	Grants Pass.....	50,000.00	.....	198,000.00	713,756.26	77,288.99
Salem Water, Light & Power Co.....	Salem.....	416,300.00	†	.....	6,782.02	.....
†Smith-Powers Logging Co.....	Powers.....	6,993.25	.....	.....	12,465.85	3,409.23
Southwest Side Water Co., The.....	Multnomah.....	.....	.....	.....	101,900.00	2,469.75
Sumpter Power & Water Co.....	Sumpter.....	.....	.....	.....	1,050.00	102.00
*Sweet Home Mountain Water Works Co.....	Sweet Home.....	4,500.00	.....	.....	1,000.00	28.00
*Tillamook Bay Company.....	Ocean Lake Park.....	1,000.00	.....	.....	4,197.00	1,594.26
†Troutdale Water Works.....	Bay City.....	.....	.....	.....	7,256.50	382.36
†Troutdale Valley Electric Company.....	Troutdale.....	.....	.....	.....	.....	1,598.77
†Tualatin Valley Water Company.....	Hillsboro.....	.....	.....	.....	.....	3,410.35
†Waldport Water Works.....	Waldport.....	.....	.....	.....	.....	839.00

Bold face type indicates deficit.

\* Incomplete report.

† No allowance for depreciation included in operating expenses.

‡ Joint utility, see report under Electric Utilities, for joint items marked "†".

RECAPITULATION OF WATER UTILITIES  
For Year Ended December 31, 1918

Name of Utility and Location	Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	No. of Customers Dec. 31, 1918
†Aerdenwald Water Company.....Milwaukee.	\$ 329.30	\$ 12.66	\$ 23.44	\$ 23.44	27
†Bar View Water & Light Co.....Bar View	61.00	2,390.81	10,049.71	†	11
†Bend Water, Light & Power Co.....Bend	9,850.88	967.18	289.39	†	1,073
†Brookings Land & Townsite Co.....Brookings	967.18	1,416.80	4,985.71	†	81
†California Oregon Power Company.....Klamath Falls	20,821.03	256.00	1,240.58	†	982
†California Oregon Power Company.....Tolo	1,262.28	53.91	395.44	†	7
†Cascade Water Company.....Cascade Locks	169.75	69.45	127.92	171.78	61
†Cherry Grove Land Company.....Cherry Grove	505.67	69.45	127.92	575.88	57
†Citizens Water & Light Co.....Halsey	495.10	31.14	223.07	220.76	43
††Coffin, M. A.....Powers	200.80		1,937.10	†	
†Cold Springs Water Company.....Yoncalla	222.32	31.68	177.72	177.72	1
†Columbia City Water Works.....Columbia City	456.10	25.18	18,443.78	9,249.91	39
†Coos Bay Water Company.....Marshfield	28,352.15	4,075.57	78.78	†	1,838
††Creswell Water Company.....Creswell	556.40	1,500.00	2,830.33	†	409
†Deschutes Power Company.....Prineville	9,841.29	28.96	150.00	150.00	12
†Donald Water Company.....Donald	432.54	1,538.90	9,690.52	†	1,379
†Douglas County Light & Power Company.....Roseburg	10,975.94	1,445.66	1,445.66	†	69
†Drain Water Company.....Drain	604.57	123.03	1,334.21	45.66	260
†Gearhart Park Company.....Gearhart	742.59		134.27	101.27	41
†Gold Beach Water, Light & Power Company.....Gold Beach	288.02	56.13	269.03	†	120
†Harrisburg Water System.....Harrisburg	1,745.90	85.07	2,818.58	†	305
†Hopper Light & Water Company.....Hopper	5,912.76	324.68	60.56	305.44	
††Jefferson Water Company.....Culver	2,485.41	78.00	3.39	†	113
†Junction City Water Works.....Junction City	1,633.56	1,074.29	5,680.00	†	468
†Lakeview Water Company, The.....Lakeview	1,709.81	376.50	772.30	†	370
†Lebanon Electric Light & Water Co.....Lebanon	6,432.67		134.63	†	
†Maplewood Water Company.....Maplewood	610.87		44.03	†	113
†Minthorn Springs Water Company.....Mosier	438.67	32.40	14,410.18	†	1,200
†Mosier Water Service.....Mosier	12,438.73	1,950.63	358.80	†	357
†Mountain States Power Company.....Albany	2,813.58	440.81	3,265.49	†	376
†Mountain States Power Company.....Independence	2,690.11	111.90	3,450.33	†	727
†Mountain States Power Company.....Springfield	1,290.95	905.49	520.78	†	89
†Moyer Water System.....Brownsville	8,404.68	126.02	†	†	
†North Coast Power Co.....Hillboro	1,018.40	23.16	†	†	
†North Yamhill Water Company.....Yamhill	16.10		†	†	
†Old Water System of Canyon City.....Canyon City					

†Ontario Water Company	Ontario	2,483.34	334.07	352.16	1,099.78	120
†Oswego Lake Water, Light & Power Co.	Oswego	4,629.76	197.25	115.96	†	266
†Rainier Water Company	Rainier	180.00				
†Rakel Water Supply System	Canemah	480.00	68.59	77.41	77.41	67
•Rockaway Beach Co., W. P.	Gardiner	322.29		339.36	339.36	36
•Rockaway Beach Company	Bay City		29.53			50
†Rogue River Public Service Corporation	Gold Hill	399.54				
Rogue River Water Company	Grants Pass	12,384.89	2,831.43	5,160.17	66.90	675
Salem Water, Light & Power Co.	Salem	40,201.99	8,666.91	27,866.57	14,354.09	5,093
†Smith-Powers Logging Co.	Powers			†		
Southwest Slide Water Co., The	Multnomah	2,831.01	17.00	578.22	578.22	174
Sumpter Power & Water Co.	Sumpter	5,881.51	206.13	3,714.44		97
•Sweet Home Mountain Water Works Co.	Sweet Home	205.00	9.43	192.43		13
•Tillamook Bay Company	Ocean Lake Park		10.00			
†Tillamook Public Service Co.	Bay City	763.71		830.55		95
†Troutdale Valley Works	Troutdale	295.53	36.85	49.98	49.98	
†Tualatin Valley Electric Company	Sherrwood	1,798.14	63.00	378.33	†	87
†Tualatin Valley Water Company	Hillsboro	3,052.62				
†Waldport Water Works	Waldport	138.00	24.00	677.00		

## GAS UTILITIES

## Eastern Oregon Light &amp; Power Company

(BAKER GAS PLANT)

## FINANCIAL AND GENERAL STATISTICS

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

*Income Account:*

Operating revenues from gas .....	\$ 6,347.95	
Revenue from sale of residuals and by-products .....	1,346.19	\$ 7,694.14
<b>Operating Expenses:</b>		
Production expenses .....	\$ 5,702.16	
Distribution expenses .....	51.68	
Utilization expenses .....	69.94	
General and miscellaneous expenses .....	602.00	
Undistributed expenses .....	23.66	
Depreciation of plant and equipment .....	800.04	\$ 7,249.43
<b>Net operating revenue</b> .....		\$ 444.66
<b>Taxes</b> .....		300.00
<b>Operating income</b> .....		\$ 144.66

*Coal Gas Plant:*

Gas Manufactured .....	3,546,800 cu. ft.
Gas sold .....	3,122,200 cu. ft.
Gas used by utility (47,600 cu. ft.) and unaccounted for .....	424,600 cu. ft.
Percentage of gas manufactured unaccounted for .....	10.6 per cent
Average daily production .....	9,717 cu. ft.
Holder capacity .....	12,000 cu. ft.
Daily generator capacity .....	20,000 cu. ft.
Cost of coal at plant, per 2,000 lb. ton .....	\$8.90
Yield per pound of coal .....	5.33 cu. ft.
Coke produced per ton of coal carbonized .....	Over 1,100 lbs.
Coke used for bench fuel per ton of coal carbonized .....	Over 490 lbs.
Length of mains .....	49,838 ft.
Average pressure at mains, inches of water .....	2.75
Meters at end of year .....	197
Population of territory served .....	3,000

## Oregon Gas &amp; Electric Company

Organized May 9, 1911, under laws of the State of Arizona. Reorganization of Rogue River Valley Gas Company in 1910.

*Principal Office:* 718 Mission St., San Francisco, Calif.

*Location of Plants:* Phoenix, Grants Pass and Roseburg.

*Cities and Towns Served:* Ashland, Talent, Phoenix, Medford, Grants Pass and Roseburg.

*Principal Officers:* President, W. F. Boardman; Vice President, L. Flegenbaum; Secretary, J. F. Kathriner; Treasurer and General Manager, Geo. H. Eckert; all of San Francisco, Calif.

## FINANCIAL AND GENERAL STATISTICS

*Balance Sheet:*

	<i>Assets</i>
Fixed capital .....	\$ 928,956.45
Due from consumers and agents .....	7,127.09
Material and supplies .....	11,247.03
Corporate deficit .....	177,187.34
<b>Total</b> .....	<b>\$1,124,517.91</b>

*Liabilities*

Capital stock .....	\$ 519,000.00
Funded debt .....	386,000.00
Notes to stockholders .....	86,282.00
Consumers deposits .....	519.50
Other current liabilities .....	170.28
Taxes accrued .....	4,872.74
Other accrued liabilities not due .....	1,350.53
Reserve for accrued depreciation .....	125,300.41
Consumers reserve .....	1,042.45
<b>Total .....</b>	<b>\$1,124,517.91</b>

*Income Account:*

Operating revenues from gas sales .....	\$ 41,896.95
Miscellaneous revenues from operations .....	146.70
	<b>\$ 42,043.65</b>

*Operating Expenses:*

Production expenses .....	\$ 29,829.31
Distribution expenses .....	9,723.16
Commercial expenses .....	840.12
General and miscellaneous expenses .....	2,045.63
Depreciation of plant and equipment (below) .....	
	<b>\$ 42,438.22</b>

Net operating revenue .....	\$ 394.57
Taxes assignable to operations .....	\$ 1,802.98
Uncollectible revenue .....	808.55

Operating loss .....	\$ 3,006.10
Non-operating revenues .....	247.01

Net loss .....	\$ 2,759.09
Deduction for reserve for depreciation .....	12,000.00

Deficit for the year .....	\$ 14,759.09
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*Oil Gas Plant:*

Gas manufactured (estimated) .....	35,000,000 cu. ft.
Gas sold .....	26,338,000 cu. ft.
Gas unaccounted for (estimated at 25 per cent) .....	8,662,000 cu. ft.
Percentage of gas manufactured unaccounted for (estimated) .....	25 per cent
Average daily production .....	96,000 cu. ft.
Holder capacity .....	170,000 cu. ft.
Daily generator capacity .....	
Cost of gas oil per gallon at plant .....	
Yield per gallon of oil carbonized .....	
Generator fuel per M cubic feet .....	3.7 gallons
Carbon produced per M gallons of oil carbonized .....	10 to 12 lbs.
Length of mains: Transmission 71,444 ft., distribution .....	226,066 ft.
Average pressure at mains, inches of water .....	
Meters at end of year .....	1,353
Population of territory served .....	20,000

**Mountain States Power Company**

(COOS BAY AND EUGENE PLANTS)

**FINANCIAL AND GENERAL STATISTICS**

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

**COOS BAY GAS PLANT***Income Account:*

Operating revenues from sale of gas .....	\$ 16,601.70
Gas merchandise and jobbing revenue .....	159.24
Sale of crude oil .....	4,222.69
	<b>\$ 20,983.63</b>



*Operating Expenses:*

Production expenses .....	\$ 9,628.32
Distribution expenses .....	994.79
Utilization expenses .....	148.92
Commercial expenses .....	1,534.96
General and miscellaneous expenses .....	3,005.06
Undistributed expenses .....	380.74
Depreciation of plant and equipment .....	
	<b>\$ 15,692.79</b>

Net operating revenue ..... **\$ 5,290.84**

Taxes .....	\$ 1,713.71
Uncollectible operating revenue .....	114.73

Operating income ..... **\$ 3,462.40**

*Oil Gas Plant:*

Gas manufactured .....	14,123,560 cu. ft.
Gas sold .....	11,648,100 cu. ft.
Gas unaccounted for .....	2,475,460 cu. ft.
Percentage of gas manufactured unaccounted for .....	17.5 per cent
Average daily production .....	37,000 cu. ft.
Holder capacity .....	30,000 cu. ft.
Daily generator capacity .....	280,000 cu. ft.
Cost of oil at plant, per gallon .....	\$0.0276
Yield per gallon of oil carbonized .....	Not reported
Length of mains .....	93,402 1/4 ft.
Normal pressure at mains, inches of water .....	4
Meters at end of year .....	638
Population of territory served .....	6,500

**EUGENE PLANT***Income Account:*

Operating revenues from sale of gas .....	\$ - 34,792.16
Gas merchandise and jobbing revenue .....	488.53
Sale of residuals and by-products .....	32.35
Miscellaneous, other gas revenues .....	348.73
	<b>\$ 35,661.77</b>

*Operating Expenses:*

Production expenses .....	\$ 23,786.66
Transmission expenses .....	2.10
Distribution expenses .....	1,271.77
Utilization expenses .....	1,054.09
Commercial expenses .....	2,756.87
General and miscellaneous expenses .....	5,318.71
Undistributed expenses .....	163.41
Depreciation of plant and equipment .....	
	<b>\$ 34,355.61</b>

Net operating revenue ..... **\$ 1,306.16**

Taxes .....	\$ 1,941.28
Uncollectible operating revenue .....	169.31

Operating loss ..... **\$ 804.43**

*Water Gas Plant:*

Gas manufactured .....	30,126,704 cu. ft.
Gas sold .....	27,634,200 cu. ft.
Gas unaccounted for .....	2,492,504 cu. ft.
Percentage of gas manufactured unaccounted for .....	8.27 per cent
Average daily production .....	82,539 cu. ft.
Holder capacity .....	170,000 cu. ft.
Daily generator capacity .....	250,000 cu. ft.
Cost of oil at plant, per gallon .....	\$0.06524
Yield per gallon of oil carbonized .....	200 cu. ft.
Length of mains: Transmission 2,936 miles, distribution .....	141,845 ft.
Normal pressure at mains: Springfield 8 lbs., Eugene in	
inches of water .....	4.2
Meters at end of year .....	1,769
Population of territory served .....	12,000

## Pacific Power & Light Company

### (ASTORIA AND PENDLETON GAS PLANTS)

#### FINANCIAL AND GENERAL STATISTICS

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

#### ASTORIA GAS PLANT

##### *Income Account:*

Operating revenues from sale of gas .....	\$ 29,948.28
Gas merchandise and jobbing revenue .....	920.30
Miscellaneous, other gas revenues .....	87.00

\$ 30,955.58

##### *Operating Expenses:*

Production expenses .....	\$ 18,056.72
Distribution expenses .....	3,047.29
Utilization expenses .....	219.40
Commercial expenses .....	3,593.45
General and miscellaneous expenses .....	1,436.50
Undistributed expenses .....	370.25
Depreciation of plant and equipment .....	

\$ 26,723.61

Net operating revenues ..... \$ 4,231.97

Taxes .....	\$ 2,331.90
Uncollectible operating revenues .....	172.25

Operating income ..... \$ 1,727.82

##### *Oil Gas Plant:*

Gas manufactured .....	22,038,300 cu. ft.
Gas sold .....	20,100,600 cu. ft.
Gas unaccounted for .....	1,628,100 cu. ft.
Percentage of gas manufactured unaccounted for .....	7.3 per cent
Average daily production .....	60,400 cu. ft.
Holder capacity .....	40,000 cu. ft.
Daily generator capacity .....	160,000 cu. ft.
Cost of gas oil per gallon at plant .....	\$0.0177
Yield per gallon of oil carbonized .....	85 cu. ft.
Length of mains .....	57,187 ft.
Normal pressure at mains, inches of water .....	2.75
Meters at end of year .....	857
Population of territory served .....	22,000

#### PENDLETON GAS PLANT

##### *Income Account:*

Operating revenues from sale of gas .....	\$ 26,937.55
Gas merchandise and jobbing revenue .....	233.84
Sale of residuals and by-products .....	6,771.77
Miscellaneous, other gas revenue .....	17.50

\$ 33,960.66

##### *Operating Expenses:*

Production expenses .....	\$ 16,263.98
Distribution expenses .....	1,757.79
Utilization expenses .....	117.47
Commercial expenses .....	2,236.37
General and miscellaneous expenses .....	104.56
Undistributed expenses .....	296.08
Depreciation of plant and equipment .....	

\$ 20,776.25

Net operating revenue ..... \$ 13,184.41

Taxes .....	\$ 2,043.00
Uncollectible operating revenue .....	129.33

Operating income ..... \$ 11,012.08

**Coal Gas Plant:**

Gas manufactured .....	14,737,000 cu. ft.
Gas sold .....	12,603,900 cu. ft.
Gas used by utility .....	1,103,900 cu. ft.
Gas unaccounted for .....	1,029,200 cu. ft.
Percentage of gas manufactured unaccounted for .....	7 per cent
Average daily production .....	40,000 cu. ft.
Holder capacity .....	30,000 cu. ft.
Daily generator capacity .....	50,000 cu. ft.
Cost of coal per 2,000 lb. ton delivered at plant .....	\$5.85
Yield per pound of coal .....	5.5 cu. ft.
Coke produced per ton of coal carbonized .....	1,300 lbs.
Coke used for bench fuel per ton of coal carbonized .....	400 lbs.
By-products per ton of coal carbonized: Tar 10 gallons, coke....	1,300 lbs.
Length of mains .....	53,478 ft.

### Portland Gas & Coke Company

Organized January 10, 1910, under the laws of the State of Oregon.

Controlled by the American Power & Light Company, New York, N. Y.

*Principal Office:* Portland, Oregon.

*Location of Plants:* Gasco Station and Portland.

*Cities and Towns Served:* Portland, Milwaukie, Gladstone, Oregon City, Gresham, Beaverton, Orenco, Hillsboro, Cornelius and Forest Grove, Oregon; Vancouver, Washington.

*Other Corporations Owned:* Northwest Gas Equipment Company.

*Principal Officers:* President, Guy W. Talbot, Portland, Oregon; Vice President, John A. Laing, Portland, Oregon; Secretary, Geo. F. Nevine, Portland, Oregon; Attorney, John A. Laing, Portland, Oregon; General Manager, Hilmar Papst, Portland, Oregon.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>
Fixed capital installed prior to July 1, 1913 .....	\$ 9,495,436.85
Fixed capital installed since June 30, 1913 .....	2,440,992.57
Construction work in progress .....	91,347.54
Investment securities .....	25,267.67
Cash .....	93,433.46
Notes receivable .....	321.97
Miscellaneous accounts receivable .....	277,821.94
Prepayments .....	4,546.24
Material and supplies .....	168,551.08
Unamortized debt, discount and expense .....	245,618.07
Other suspense .....	76,484.23
<b>Total .....</b>	<b>\$12,928,810.86</b>

	<i>Liabilities</i>
Capital stock .....	\$ 5,232,800.00
Funded debt .....	6,630,000.00
Consumers' deposits .....	49,631.74
Notes payable .....	100,000.00
Accounts payable to system utilities .....	28,648.03
Miscellaneous accounts payable .....	79,655.20
Other current liabilities .....	75,128.03
Taxes accrued .....	201,389.09
Other accrued liabilities not due .....	166,126.89
Reserve for accrued depreciation .....	133,531.41
Insurance and casualty reserve .....	21,521.15
Corporate surplus unappropriated .....	210,325.33
<b>Total .....</b>	<b>\$12,928,810.87</b>

*Income Account:*

Operating revenues .....	\$ 1,850,211.32
Operating expenses .....	871,602.66
Net operating revenue .....	\$ 978,608.66
Taxes assignable to operations .....	\$ 185,320.76
Uncollectible operating revenue .....	9,509.66
Total .....	\$ 194,830.42
Operating income .....	\$ 783,778.24
Non-operating revenues .....	\$ 14,712.56
Non-operating revenue deductions .....	5,868.00
Non-operating revenue net .....	\$ 8,844.56
Total gross income .....	\$ 792,622.80
Deductions from gross income .....	\$ 351,563.73
Net income .....	\$ 441,059.07
Dividends on outstanding stock .....	\$ 383,358.25
Transferred to general reserve and depreciation .....	\$ 50,000.00
Miscellaneous deductions from surplus .....	595.21
Miscellaneous additions to surplus .....	666.16
Surplus for year .....	7,771.77
Surplus at beginning of year .....	202,325.56
Total surplus at end of year .....	\$ 210,325.33

*Oil Gas Plant:*

Gas manufactured .....	2,374,278,000 cu. ft.
Gas sold .....	2,077,958,000 cu. ft.
Gas unaccounted for .....	313,518,000 cu. ft.
Percentage of gas manufactured unaccounted for .....	13.2 per cent
Average daily production .....	6,500,000 cu. ft.
Holder capacity .....	6,061,000 cu. ft.
Cost of gas oil per gallon at plant .....	.01774 and .0182 cts.
Yield per gallon of oil carbonized .....	121 cu. ft.
Generator fuel per M cubic feet .....	.49 gals.
Carbon produced per M gallons of oil carbonized .....	2,800 lbs.
Length of mains:	
High pressure .....	2,281,436.00 ft.
Low pressure .....	3,072,911.00 ft.
Meters at end of year .....	66,052
Population of territory served .....	300,000

**Portland Railway, Light & Power Co.****(SALEM GAS PLANT)****FINANCIAL AND GENERAL STATISTICS**

For general data, see electric report.

*Income Statement:*

Operating revenues from gas .....	\$ 30,174.47
Gas merchandise and jobbing revenue .....	288.14
Sale of residuals and by-products .....	11,257.46
Total .....	\$ 41,720.07

**Operating Expenses:**

Production expenses .....	\$ 28,684.64
Transmission expenses .....	67.81
Distribution expenses .....	1,838.73
Utilization expenses .....	473.12
Commercial expenses .....	2,003.32
General and miscellaneous expenses .....	3,910.58
Undistributed expenses .....	290.68
<b>Total .....</b>	<b>\$ 37,268.88</b>
Net operating revenue .....	\$ 4,451.19
Taxes .....	2,008.36
Uncollectible revenue .....	149.43
<b>Operating income .....</b>	<b>\$ 2,293.40</b>

**Coal Gas Plant:**

Total gas generated during year .....	22,978,000 cu. ft.
Daily production .....	62,900 cu. ft.
Holder capacity .....	63,000 cu. ft.
Amount of coal carbonized .....	2,301 tons
Cost of gas or coal per ton delivered at plant .....	\$7.77
Coke produced per ton of coal carbonized .....	1,160 lbs.
Coke used for bench fuel per ton of coal carbonized .....	439¼ lbs.
Yield per ton of coal .....	4.9 cu. ft.
By-products per ton of coal carbonized .....	9.5 coal tar
Population of territory served .....	10,000
Population per mile of main .....	294
Gas used by company .....	72,700 cu. ft.
Gas sold during year .....	19,789,900 cu. ft.
Gas unaccounted for .....	3,115,400 cu. ft.
Unaccounted for .....	13.5 per cent
Per cent of gas sold .....	15.5
Gas sales per mile of main .....	\$565,000
Gas leakage per mile of main .....	88,600 cu. ft.

**TELEPHONE UTILITIES****Coos and Curry Telephone Company**

Organized September 15, 1914, under the laws of the State of Oregon.

*Principal Office:* Marshfield, Oregon.

*Principal Officers:* President, Charles Hall, Marshfield, Oregon; Vice President, W. J. Phillips, Portland, Oregon; Secretary, Ernest C. Smith, Hood River, Oregon; General Auditor, J. J. Flynn, San Francisco, Calif.; General Manager, Charles Hall, Marshfield, Oregon; General Superintendent of Plant, E. W. Gates, Marshfield, Oregon.

**FINANCIAL AND GENERAL STATISTICS****Balance Sheet:****Assets**

Total investment in fixed capital .....	\$ 228,179.59
Investment securities .....	11,636.38
Cash and deposits .....	2,660.64
Employees working fund .....	525.65
Marketable securities .....	1,500.00
Bills receivable .....	1,283.17
Due from subscribers and agents .....	7,470.37
Miscellaneous accounts receivable .....	428.63
Materials and supplies .....	20,685.20
Other current assets .....	25.00
Prepayments .....	341.18
Unamortized debt discount and expense .....	3,882.01
Other suspense .....	52.93
<b>Grand total assets .....</b>	<b>\$ 265,534.37</b>

*Liabilities*

Capital stock .....	\$ 100,000.00
Funded debt .....	91,500.00
Bills payable .....	8,000.00
Audited vouchers and wages unpaid .....	4,144.00
Subscribers deposits .....	288.38
Miscellaneous accounts payable .....	885.20
Other current liabilities .....	1,125.00
Taxes accrued .....	4,264.36
Other accrued liabilities not due .....	4,634.04
Reserve for accrued depreciation .....	40,644.33
Corporate surplus unappropriated .....	10,109.06
Grand total liabilities .....	\$ 265,534.37

*Income Statement**Telephone Operating Revenue:*

Exchange service revenue .....	\$ 58,145.04
Toll service revenue .....	31,837.02
Miscellaneous operating revenues .....	995.30
Total revenue .....	\$ 90,977.36

*Telephone Operating Expenses:*

Maintenance expenses .....	\$ 23,251.88
Traffic expenses .....	21,155.94
Commercial expenses .....	7,844.93
General and miscellaneous expenses .....	9,915.78
Total expenses .....	\$ 62,168.53

Net telephone operating revenue .....	\$ 28,808.83
Uncollectible operating revenues .....	780.00
Taxes assignable to operations .....	6,010.00
Operating income .....	\$ 22,018.83
Non-operating income .....	115.23

Gross income .....	\$ 22,134.06
Rent deductions for lease of telephone plant .....	\$ 408.84
Rent deductions for telephone office .....	2,118.01
Rent deductions for conduits, poles and other supports .....	317.90
Miscellaneous rent deductions .....	832.66
Interest deductions for funded debt .....	5,197.50
Other interest deductions .....	499.48
Amortization of debt discount and expense .....	337.02

Total deductions from gross income .....	\$ 9,711.41
Net income .....	12,422.65
Amount credited to corporate surplus .....	\$ 12,422.65

*Plant Statistics:*

Number of central offices .....	8
Main stations .....	2,346
P. B. X. stations .....	122
Extension sets .....	130

## Home Independent Telephone Company of La Grande

Organized January 14, 1907, under the laws of the State of Oregon.

*Principal Office:* La Grande, Oregon.

*Principal Officers:* President, J. L. Caviness, La Grande, Oregon; Vice President, W. J. Church, La Grande, Oregon; Secretary, S. D. Crowe, La Grande, Oregon; Treasurer, S. D. Crowe, La Grande, Oregon; General Counsel, Colon R. Eberhard, La Grande, Oregon; General Manager, S. D. Crowe, La Grande, Oregon.

### FINANCIAL AND GENERAL STATISTICS

#### *Balance Sheet:*

#### *Assets*

Total investment in fixed capital .....	\$ 251,250.74
Construction work in progress .....	812.53
Cash and deposits .....	4,198.02
Marketable securities .....	1,200.00
Due from subscribers and agents .....	1,739.77
Materials and supplies .....	9,553.04
Unamortized debt discount and expense .....	992.83
Other expense .....	1,132.25
<b>Grand total assets .....</b>	<b>\$ 270,879.23</b>

#### *Liabilities*

Capital stock .....	\$ 79,140.00
Funded debt .....	105,000.00
Bills payable .....	9,000.00
Miscellaneous accounts payable .....	1,237.06
Taxes accrued .....	720.90
Other accrued liabilities not due .....	1,312.50
Reserve for accrued depreciation .....	51,962.75
Corporate surplus unappropriated .....	22,506.02
<b>Grand total liabilities .....</b>	<b>\$ 270,879.23</b>

#### *Income Statement*

#### *Telephone Operating Revenue:*

Exchange service revenue .....	\$ 50,433.78
Toll service revenue .....	17,993.42
Miscellaneous operating revenues .....	850.40
<b>Total revenues .....</b>	<b>\$ 69,277.60</b>

#### *Telephone Operating Expense:*

Maintenance expenses .....	\$ 21,215.42
Traffic expenses .....	16,211.95
Commercial expenses .....	6,289.72
General and miscellaneous expenses .....	4,470.45
<b>Total expenses .....</b>	<b>\$ 48,187.54</b>
Net telephone operating expenses .....	\$ 21,090.06
Uncollectible operating revenues .....	677.57
Taxes assignable to operations .....	6,958.01
Deductions from net operating revenues .....	7,635.58
<b>Operating income .....</b>	<b>\$ 13,454.48</b>
Rent deductions for telephone offices .....	\$ 2,295.00
Rent deductions for conduits, poles and other supports .....	299.30
Rent deductions for instruments and equipment .....	307.04
Interest deductions for funded debt .....	5,071.25
Other interest deductions .....	473.16
Amortization of debt discount and expense .....	103.99
<b>Total deductions from gross income .....</b>	<b>\$ 8,549.74</b>
<b>Net income .....</b>	<b>\$ 4,904.74</b>
<b>Amount credited to corporate surplus .....</b>	<b>\$ 4,904.74</b>

#### *Plant Statistics:*

Number of central offices .....	6
Main stations .....	2,126
P. B. X. stations .....	153
Extension sets .....	91

## Home Telephone and Telegraph Company of Portland, Oregon

Organized September 11, 1915, under the laws of the State of Oregon.

Principal Office: Portland, Oregon.

Principal Officers: President, none; Vice President, A. L. Mills; Secretary, J. B. Middleton; General Counsel, Richard W. Montague; Auditor, J. C. Patton; Manager, J. B. Middleton; Oswald West appointed Receiver.

## FINANCIAL AND GENERAL STATISTICS

*Balance Sheet:**Assets*

Total investment in fixed capital .....	\$5,679,783.13
Investment securities .....	213,285.00
Cash and deposits .....	89,591.13
Bills receivable .....	23.58
Due from subscribers and agents .....	3,006.81
Accounts receivable from system corporations .....	13,736.39
Miscellaneous accounts receivable .....	3,333.35
Materials and supplies .....	154,049.15
Unamortized debt discount and expense .....	8,912.48
Other suspense .....	

Total assets ..... **\$6,115,721.02**

*Liabilities*

Capital stock .....	\$2,674,708.33
Funded debt .....	2,724,000.00
Bills payable .....	100,000.00
Subscribers deposits .....	6,947.60
Miscellaneous accounts payable .....	4,105.77
Matured interest, dividends and rents unpaid .....	326,380.01
Taxes accrued .....	22,462.53
Other accrued liabilities not due .....	28,375.00
Reserve for accrued depreciation .....	238,440.34
Corporate surplus .....	<b>9,707.56</b>

Total liabilities ..... **\$6,115,721.02**

*Income Account**Telephone Operating Revenues:*

Exchange service revenues .....	\$ 219,323.16
Toll service revenues .....	4,385.80
Miscellaneous operating revenues .....	480.00

Total revenue ..... **\$ 224,188.96**

*Telephone Operating Expense:*

Maintenance expenses .....	\$ 148,729.48
Traffic expense .....	39,793.95
Commercial expense .....	17,856.69
General and miscellaneous expense .....	26,899.01

Total expenses ..... **\$ 233,279.13**

Net telephone operating deficit .....	\$ 9,090.17
Taxes assignable to operations .....	22,862.53

Operating income ..... **\$ 31,952.70**

Non-operating income .....	396.12
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Gross income ..... **\$ 31,556.58**

Rent deductions for telephone offices .....	\$ 300.00
Rent deductions for conduits, poles and other supports .....	221.84
Miscellaneous rent deductions .....	300.00
Interest deductions for funded debt .....	136,289.99
Other interest deductions .....	6,000.00

Total deductions from gross income ..... **\$ 143,111.83**

Net income for year ..... **174,668.41**

*Plant Statistics (Portland and Albany):*

Number of central offices in service at end of year .....	7
Main stations .....	5,678
P. B. X. stations .....	1,968
Extension sets .....	913



## Northwestern Long Distance Telephone Company

Organized April 22, 1916, under the law of the State of Oregon.

*Principal Office:* Portland, Oregon.

*Principal Officers:* President, F. H. Crosly, San Francisco, Calif.; Vice President, E. W. Fulton, Deceased; Secretary Jay Bowerman, Portland, Oregon; Treasurer, F. H. Crosly, San Francisco, Calif.; General Counsel, Jay Bowerman, Portland, Oregon.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	
Total investment in fixed capital .....		\$ 714,391.10
Cash and deposits .....		5,497.80
Employees' working fund .....		634.80
Marketable securities .....		12,932.25
Due from subscribers and agents .....		23,566.10
Miscellaneous accounts receivable .....		2,329.86
Materials and supplies .....		309.67
Prepayments .....		58.35
<b>Grand total .....</b>		<b>\$ 759,719.93</b>

	<i>Liabilities</i>	
Capital stock .....		\$ 400,500.00
Funded debt .....		300,000.00
Subscribers deposits .....		1,186.30
Taxes accrued .....		5,471.81
Other accrued liabilities not due .....		8,625.00
Reserve for accrued depreciation .....		40,925.65
Insurance and casualty reserve .....		11.35
Other deferred credit items .....		127.20
Corporate surplus unappropriated .....		2,869.63
<b>Grand total .....</b>		<b>\$ 759,717.93</b>

### Income Statement

<i>Telephone Operating Revenues:</i>	
Toll service .....	\$ 158,369.87
<i>Telephone Operating Expenses:</i>	
Maintenance expenses .....	\$ 24,978.53
Traffic expenses .....	58,900.73
Commercial expenses .....	2,509.65
General and miscellaneous expenses .....	17,016.00
Uncollectible operating revenues .....	601.96
Taxes assignable to operations .....	6,245.50
<b>Operating income .....</b>	<b>\$ 48,117.50</b>
Non-operating income .....	
Non-operating revenues .....	\$ 159.92
<b>Gross income .....</b>	<b>\$ 48,277.42</b>
Rent deductions for lease of telephone plant .....	\$ 159.96
Rent deductions for telephone offices .....	3,106.08
Rent deductions for conduits, poles and other supports .....	642.73
Other interest deductions .....	15,000.00
<b>Net income .....</b>	<b>\$ 29,368.65</b>
Dividend appropriations of income .....	\$ 20,425.50
Miscellaneous appropriations of income .....	8,900.00
<b>Balance to credit of corporate surplus .....</b>	<b>\$ 43.15</b>

### *Plant Statistics:*

Number of central offices in service ..... 2

## The Pacific Telephone & Telegraph Company

Organized December 31, 1906, under the laws of the State of California. This company operates in the States of California, Oregon, Washington and Idaho.

*Principal Office:* San Francisco, Calif.

Controlled by American Telephone and Telegraph Co. through ownership of 71.73 per cent preferred stock and 68.93 per cent common stock.

*Principal Officers:* President, G. E. McFarland, San Francisco, Calif.; Vice President, H. D. Pillsbury, San Francisco, Calif.; Secretary, Geo. J. Petty, San Francisco, Calif.; General Counsel, E. S. Pillsbury, San Francisco, Calif.

### FINANCIAL AND GENERAL STATISTICS

#### Balance Sheet:

#### Assets

Total investment in fixed capital .....	\$ 93,676,978.68
Construction work in progress .....	330,901.34
Investment securities .....	14,753,101.75
Advances to system corporations for construction .....	1,743,445.88
Miscellaneous investment .....	334,815.03
Cash and deposits .....	1,355,395.94
Employees working fund .....	81,336.25
Marketable securities .....	356,661.35
Bills receivable .....	91,337.58
Due from subscribers and agents .....	1,564,981.31
Accounts receivable from system corporations .....	393,856.73
Miscellaneous accounts receivable .....	141,021.20
Matured interest and dividends receivable .....	308,333.34
Materials and supplies .....	877,993.70
Unmatured interest, dividends and rents receivable .....	125,553.33
Sinking fund assets .....	222,708.73
Prepayments .....	122,295.13
Unamortized debt discount and expense .....	1,719,767.71
Other suspense .....	140,942.87
<b>Grand total .....</b>	<b>\$118,341,427.85</b>

#### Liabilities

Total stock .....	\$ 50,000,000.00
Funded debt .....	40,089,000.00
Advances from system corporations for construction .....	6,900,000.00
Bills payable .....	100,000.00
Audited vouchers and wages unpaid .....	465,312.48
Subscribers deposits .....	137,414.56
Accounts payable to system corporations .....	441,753.42
Miscellaneous accounts payable .....	121,712.70
Other current liabilities .....	52,342.93
Taxes accrued .....	734,080.80
Other accrued liabilities not due .....	919,818.39
Reserve for accrued depreciation .....	16,945,071.69
Reserve for amortization of intangible capital .....	9,250.00
Liability on account of provident funds .....	500,000.00
Other deferred credit items .....	706.25
Surplus unappropriated .....	924,964.63
<b>Grand total .....</b>	<b>\$118,341,427.85</b>

#### Fixed Capital Installed:

Entire system .....	\$ 93,676,978.66
In Oregon .....	10,973,717.94

*Income Statement—Entire System:*

Telephone operating revenues .....	\$ 21,482,653.00
Telephone operating expenses .....	15,421,242.32
Uncollectible operating revenues .....	96,234.00
Taxes assignable to operation .....	1,355,497.11

Operating income .....	\$ 4,609,679.57
Non-operating income .....	449,820.14

Gross income .....	\$ 5,059,499.71
Rent deductions for telephone offices .....	189,189.71
Rent deductions for conduits, poles and other supports .....	67,718.90
Miscellaneous rent deductions .....	5,573.62
Interest deductions for funded debt .....	2,010,471.51
Other interest deductions .....	380,367.60
Amortization of debt discount and expense .....	95,686.39
Amortization of landed capital .....	5,675.00
Miscellaneous deductions from income .....	24,075.98
Net income .....	\$ 2,280,741.00
Dividends appropriations of income .....	\$ 1,920,000.00
Balance to corporate surplus .....	\$ 360,741.00

*Operating Revenues—Entire System:*

Exchange service revenue .....	\$ 237,943.69
Toll service revenues .....	6,798,197.39
Miscellaneous direct revenues .....	362,504.14
Licensee revenue .....	<b>944,506.78</b>

Totals .....	\$ 21,482,653.00
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*Operating Revenues—Oregon:*

Total exchange service revenues .....	\$ 2,080,026.25
Toll service revenues .....	795,059.11
Miscellaneous direct revenues .....	54,071.88
Licensee revenues .....	<b>121,656.97</b>

Totals .....	\$ 2,807,501.97
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*Operating Expense—Entire System:*

Maintenance expense .....	\$ 6,866,989.47
Traffic expense .....	5,769,524.69
Commercial expense .....	2,067,105.40
General and miscellaneous expense .....	717,618.76

Totals .....	\$ 15,421,242.32
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*Operating Expense—State of Oregon:*

Maintenance expenses .....	\$ 1,087,313.30
Traffic expenses .....	870,029.98
Commercial expenses .....	297,734.03
General and miscellaneous expenses .....	94,620.58

Total .....	\$ 2,349,697.89
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*Taxes Assignable to Operations:*

Entire system .....	\$ 1,355,497.11
In State of Oregon .....	161,151.83

*Uncollectible Operation Revenues:*

Entire system .....	\$ 96,234.00
In State of Oregon .....	15,568.40

*Plant Statistics:*

Number of central offices, entire system .....	640
Number of central offices, in Oregon .....	83
Main stations, entire system .....	376,455
Main stations, in Oregon .....	57,829
P. B. X. stations, entire system .....	111,831
P. B. X. stations, in Oregon .....	13,496
Extension sets, entire system .....	43,103
Extension sets, in Oregon .....	5,492

## RECAPITULATION OF CLASS "C" TELEPHONE COMPANIES

For Year Ended December 31, 1918

Name of Company and Location of Principal Office					Fixed Capital Dec. 31, 1918	Capital Stock Outstanding	Funded Debt Outstanding	Operating Revenues
Corvallis Independent Telephone Co. .... Corvallis					\$105,195.43	\$ 17,950.00		\$ 21,059.08
Dallas Telephone Co. .... Dallas					29,525.95	25,000.00		14,399.72
Hillsboro Telephone Co. .... Hillsboro					26,958.46	12,600.00	\$ 9,750.00	13,992.37
Home Telephone & Telegraph Co. of Southern Oregon .. Medford					446,107.34	249,900.00	\$200,000.00	49,118.95
Independent Telephone Co. of Forest Grove .. Forest Grove					11,418.63			11,916.45
Intermountain Telephone Co. .... Burns					77,151.40	44,050.00	30,583.06	15,236.15
Interurban Telephone Co. .... Silverton					13,540.64	12,125.00		11,356.26
Malheur Home Telephone Co. .... Vale					94,558.31	44,275.00		21,800.61
McMinville Local & Long Distance Telephone Co. .... McMinnville					43,594.76	29,600.00		12,896.90
Multnomah & Clackamas Mutual Telephone Co. .... Gresham					23,175.73	7,225.00		11,781.34
Nevada, California and Oregon .. San Francisco					168,660.18	91,615.00	51,500.00	35,161.81
Newberg Telephone Co. .... Newberg					23,264.65	15,200.00	4,000.00	10,540.01
Oregon-Washington Telephone Co. .... Hood River					237,363.28	144,461.00	150,300.00	44,782.63
Union County Telephone Co. .... Elgin					49,873.72	35,245.00	1,600.00	15,140.00

Name of Company and Location of Principal Office					Operating Expenses	Taxes	Operating Income	Surplus or Deficit for Year	No. of Sub- scribers
Corvallis Independent Telephone Co. .... Corvallis					\$ 19,362.29	\$ 1,570.73	\$ 126.06	\$ 126.06	1,747
Dallas Telephone Co. .... Dallas					10,792.05	521.79	3,015.88	705.28	720
Hillsboro Telephone Co. .... Hillsboro					10,431.20	528.17	3,043.51	900.37	722
Home Telephone & Telegraph Co. of Southern Oregon .. Medford					23,555.51	3,113.39	13,480.05	1,521.15	1,987
Independent Telephone Co. of Forest Grove .. Forest Grove					10,935.64	249.42	731.39	731.39	926
Intermountain Telephone Co. .... Burns					16,712.98	672.37	2,149.20	6,033.79	373
Interurban Telephone Co. .... Silverton					10,256.89	374.96	724.41	495.71	642
Malheur Home Telephone Co. .... Vale					18,582.99	1,080.00	2,137.55	1,327.18	762
McMinville Local & Long Distance Telephone Co. .... McMinnville					8,794.99	588.18	3,243.73	903.44	643
Multnomah & Clackamas Mutual Telephone Co. .... Gresham					10,085.89	502.80	1,192.65	219.85	730
Nevada, California and Oregon .. San Francisco					25,337.85	1,605.53	8,218.43	2,164.94	747
Newberg Telephone Co. .... Newberg					9,173.65	369.52	996.84	691.21	1,151
Oregon-Washington Telephone Co. .... Hood River					34,267.14	2,725.84	7,789.85	4,412.75	1,825
Union County Telephone Co. .... Elgin					12,474.86	448.94	2,212.20	194.17	

Bold face indicates deficit.

‡ No allowance for depreciation included in operating expenses.

† Long distance connection only at Lakeview, other business outside this state.

## RECAPITULATION OF CLASS "D" TELEPHONE COMPANIES

For Year Ended December 31, 1918

Name of Company and Location of Principal Office	Fixed Capital Dec. 31, 1918	Capital Stock Outstanding	Operating Revenues	Operating Expenses	Taxes	Surplus or Deficit for Year	No. of Cus- tomers
Amity Mutual Telephone Co. .... Amity	\$ 3,500.00	\$ 3,375.00	\$ 4,056.63	\$ 4,811.58	\$ 77.65	\$ 832.60	322
Aurora Mutual Telephone Co. .... Aurora	3,340.00	3,375.00	3,007.33	2,250.45	302.00	155.18	164
Bisner Telephone System. .... Halfway	15,000.00		6,939.68	4,500.00	55.90	1,383.78	
Butte Falls and Eagle Point Telephone Co. Eagle Point	4,418.25		3,992.84	3,959.46	43.41	18.23	211
Clatskanie Telephone Co. .... Clatskanie	5,525.00	3,000.00	4,314.20	3,466.90	94.64	492.13	302
Cloverdale Telephone Co. .... Cloverdale	7,000.00	2,000.00	3,386.61	3,524.94	175.80	314.13	191
Deschutes Mutual Telephone Co. .... Redmond	8,275.74	6,600.00	6,775.16	4,737.78	696.11	534.09	246
Dufur Local & Long Distance Co. Dufur	9,257.00		3,515.00	2,886.37	95.67	532.96	313
Estacada Telephone & Telegraph Co. Estacada	2,250.00		3,781.06	2,656.08	335.78	129.20	343
Haines Telephone Co. .... Haines	8,000.00		3,456.00	5,147.65	51.46	1,743.11	176
Home Telephone Co. of Condon. .... Condon	6,000.00		8,832.72	8,389.22	84.84	408.66	224
Independence Telephone Co. .... Independence	26,965.96	4,700.00	8,437.22	8,345.03	311.19	957.00	562
Independent Telephone Co. of Pilot Rock. Pilot Rock	17,103.21	7,750.00	9,603.74	8,935.27	79.20	668.47	321
Klamath Telephone & Telegraph Co. Fort Klamath	11,500.00	12,466.11	9,927.13	5,545.22	95.18	4,276.96	80
Lakeview-Pine Creek Electric Co. .... Lakeview	13,000.00	500.00	5,304.00	3,632.00	53.75	1,618.25	242
Lebanon Mutual Telephone Co. .... Lebanon	16,744.67	4,505.00	7,534.39	6,032.33	169.28	1,130.29	798
Lyle Telephone Co. .... Lyle	6,087.96	2,900.00	3,852.81	2,682.13	77.31	1,018.37	
Oregon City & Farmers Independent Telephone Co. .... Oregon City	56,618.31	2,700.00	5,830.69	7,360.21	487.13	1,316.65	306
Parma Telephone Co. .... Parma, Idaho	15,000.00	6,500.00	7,771.12	6,470.36	100.60	709.26	40
Pioneer Mutual Telephone Co. .... Brownsville	1,000.00		8,127.31	3,249.36	57.72	205.03	253
Scholls Telephone Co. .... Scholls	12,000.00	5,880.00	7,486.82	6,144.31	295.40	703.31	397
Sheridan-Williamina Telephone Co. .... Sheridan	10,000.00	3,670.00	7,838.43	8,023.06	391.61	881.24	384
Sherwood Telephone Co. .... Sherwood	5,400.00	2,500.00	2,820.09	2,245.92	19.19	525.38	206
Tierardville Telephone Co. .... Tierardville	7,500.00	4,560.00	2,890.37	3,032.92	297.76	506.10	232
Williamook County Mutual Telephone Co. Tillamook	15,000.00	4,560.00	5,757.57	2,044.36	593.01	263.01	433
Yamhill County Mutual Telephone Co. .... Dayton	1,500.00	2,250.00	5,046.52	4,920.25	233.05	107.78	350

Bold face type indicates deficit.  
• Incomplete report.

RECAPITULATION OF CLASS "E" TELEPHONE COMPANIES  
For Year Ended December 31, 1918

Name of Company and Location of Principal Office	Fixed Capital Dec. 31, 1918	Capital Stock Outstanding	Operating Revenues	Operating Expenses	Taxes	Surplus or Deficit for Year	No. of Cus- tomers
Aalsea Telephone Co. .... Aalsea	\$1,000.00	\$ 680.00	\$ 770.00	\$ 745.00	\$ 22.00	\$ 3.00	123
*Aggregate Valley Telephone Co. .... Provolet	2,052.00		1,276.41	860.89	32.96	382.56	30
*Blue Mountain Toll Line .....	2,000.00		600.00	350.00	8.75	241.25	
Calapooia Telephone Co. .... Spray	3,000.00		600.00	350.00	19.16	338.84	69
*Canby Cooperative Telephone Co. .... Canby	3,500.00	2,970.00	1,590.67	1,451.38	69.68	29.61	360
*Canyonville Telephone .....	625.00		467.94	467.94			62
*Cathlamet Telephone Co. .... Canyonville	6,000.00						48
*Columbia County Telephone Co. .... Harbor	1,000.00	1,560.00	1,589.21	1,302.20	54.88	232.12	95
*Creswell Telephone Co. .... Corbett	1,000.00		68.00	67.21		.79	33
*Damascus Telephone Co. .... Scappoose	350.00		1,065.59	1,491.08	48.58	474.07	127
*Dayville Canyon Telephone Co. .... Creswell	1,498.38	1,975.00	1,191.72	994.15	42.13	122.94	96
*Dent Telephone Co. .... Mt. Vernon	3,500.00	2,390.00	1,380.07	950.00	73.59	106.48	46
*Drain-Umpqua Telephone Co. .... Lakeview	4,600.00	1,000.00	1,072.36	926.64	45.06	59.19	22
*Drewsey Telephone Co. .... Elkton	1,000.00	1,775.00	1,691.30	1,384.94	26.43	119.39	70
*Farmers National Telephone Co. .... Drewsey	10,000.00		1,375.28	1,395.95	33.68	44.35	52
*Firwood-Dover Telephone Co. .... Tumalo	973.04	1,350.00	1,017.65	995.39	22.28		70
*Galloway Telephone Co. .... Sandy	1,554.15	1,600.00	1,220.34	1,582.23	47.27	88.53	61
*Glendale Telephone Co. .... Heppner	5,500.00	5,000.00	1,220.34	1,582.23	21.59	62.52	117
*Halsey Mutual Telephone Co. .... Glendale	300.00	300.00	952.50	874.50	6.10	18.00	164
*Helix Telephone & Telegraph Co. .... Helix	1,300.00		2,083.37	351.78	221.18	947.09	111
*Izee Valley Telephone Co. .... Izee	1,270.00	1,080.00	1,500.00	400.00	25.77	145.32	21
*Juniper Telephone Co. .... Hereford	8,000.00		665.75	614.72	10.10	900.00	82
*Kenwill Telephone Co. .... North Bend	2,000.00	3,205.00	840.00	360.00	20.47	40.93	39
*Lafayette Telephone Co. .... Lafayette	1,998.75	2,500.00	520.70	1,008.60	113.55	354.53	44
*Merrill Telephone & Telegraph Co. .... Merrill	2,500.00	890.00	1,870.00	1,080.00	30.84	601.45	38
*Mosier Valley Telephone Co. .... Mosier	2,500.00	1,620.00	1,529.61	1,034.24	126.08	779.16	103
*Mt. Angel Telephone Co. .... Mt. Angel	5,345.21	4,375.00	1,438.44	1,213.87	38.04	316.14	61
*Myrtle Creek Telephone Exchange .....	5,000.00		1,339.11	1,582.00	58.00	166.57	119
*Nehalem Mutual Telephone Co. .... Myrtle Creek	3,700.00	3,000.00	1,378.49	1,282.83	83.93	261.98	123
*Nehalem Telephone & Telegraph Co. .... Nehalem	225.00	1,500.00	1,835.50	1,512.00	37.95	285.55	103
*Panhandle Cooperative Telephone Co. .... Panhandle	2,750.00	2,000.00	1,607.61	1,904.52	33.80	330.71	126
*Pilot Butte Telephone Co. .... Pilot Butte	2,381.35	2,000.00	1,276.78	1,903.85	116.70	256.23	280
*Santiam Cooperative Telephone Co. .... Santiam	450.00	630.00	534.00	534.00			66
*Selo Mutual Telephone Co. .... Selo	300.00		1,572.36	1,104.00	12.94	456.42	280
*Six Elk Telephone Co. .... Port Orford	2,100.00		708.00	312.00	14.36	381.64	34
*Smith River Mutual Telephone Co. .... Smith River	1,400.00		1,390.33	1,368.68	21.65		49
*Shoock & Dailey .....	1,250.00		592.15	212.85	20.96	354.38	72
*Sunrise Telephone Co. .... Holland	300.00		711.00	430.73	4.53	275.74	101
*Turner Telephone Co. .... Airlie	2,544.00		1,218.56	944.10	48.69	225.77	93
*Wasco Southern Telephone Co. .... Turner	7,000.00	8,250.00	1,193.47	1,240.09	133.64	180.98	41
*Yamhill Mutual Telephone Co. .... Yamhill	1,800.00	480.00	1,602.60	1,561.01	24.75	16.84	296

Bold face type indicates deficit. • Incomplete report.

RECAPITULATION OF CLASS "F" TELEPHONE COMPANIES  
For Year Ended December 31, 1918

Name of Company and Location of Principal Office	Fixed Capital Dec. 31, 1918	Operating Revenue	Operating Expense	Other Deductions	Surplus or Deficit for Year	No. of Cus- tomers
Agency Plains Telephone Co. .... Madras.	\$ 950.00	\$ 282.00	\$ 170.20	\$ 16.80	\$ 95.00	33
Bandon Farmers & Merchants Telephone Co. .... Bandon.	1,200.00	248.50	284.84	25.00	41.24	27
Bentley Telephone Co. .... Grand Ronde.	1,000.00	200.00	200.00	30.00	30.00	24
Blachly Deadwood Telephone .... Blachly.	500.00	190.38	156.95	11.59	21.84	28
*Blodgett Telephone Co. .... Corvallis.	300.00	40.00	40.00			
*Bowman Telephone Line, C. P. .... Echo.	2,500.00					6
Bunting Telephone & Telegraph Co. .... Lakeview.	3,084.02	379.96	244.04	31.68	60.66	8
Cascadia Telephone Line. .... Cascadia.	201.28	75.00	100.00	3.81	28.51	21
*Cecil Telephone Co. .... Cecil.	200.00					12
Columbia County Telephone Association .... Scappoose.	1,000.00	68.00	67.21		.79	33
Deer Creek Valley Telephone Co. .... Selma.	1,300.00	278.40	284.48	28.92	10.00	49
Durkee Telephone Line. .... Durkee.	1,500.00	142.50	27.00	2.70	112.80	9
Elk City Exchange. .... Elk City.	500.00	205.38	183.80		22.08	38
Farrington Telephone Line, M. D. .... Wrentham.	1,345.00	360.65	239.35	9.36	111.94	30
Flora Telephone Co. .... Flora.	960.00	124.00	249.00	18.00	143.00	31
Green Mountain Mutual Telephone Co. .... Bufton.	375.00	245.00	175.00	12.84	57.16	30
Hayhurst Telephone Co. .... Yoncalla.	100.00	10.00	5.00	.95	4.05	10
Heights Telephone Co. .... Templeton.	1,598.00	328.75	109.05	34.32	183.38	24
Hilgard Starkey Telephone Co. .... Hilgard.	1,000.00	20.00	10.00	4.27	5.73	2
*La Pine & Southern Telephone & Telegraph Co. .... Silver Lake.	5,000.00	330.47	864.50	8.04	542.07	
Langell Valley Telephone Co. .... Bonanza.	1,800.00	357.10	330.31	45.05	18.28	45
Little Applegate Telephone Co. .... Buncum.	484.00	142.64	75.00	11.00	88.00	17
Lowell Telephone Co. .... Eugene.	400.00	157.10	69.06	16.71	56.87	63
*Lewellyn Telephone Co. .... Long Creek.	1,000.00	209.14	89.98	22.32	96.84	23
Malheur & Baker Telephone Co. .... Malheur.	2,080.00	254.73	240.54		14.19	11
Moss Telephone Co. .... Paisley.	3,000.00	315.21	211.44	14.38	59.39	50
Nehalem Telephone Co. .... Vernonia.	1,009.00	156.20	88.32	14.57	53.31	48
*Parsons Telephone Co. .... Albany.		19.00	17.65	2.27	.22	19
Philomath Independent Telephone Co. .... Philomath.	200.00	520.00	400.00	29.64	90.36	12
Plainview Mutual Telephone Co. .... Plainview.	600.00	227.10	156.20	37.90	4.00	25

Potter Telephone Line, A. B.	325.00	160.50	137.50	23.00	14.97	8
Promise Mutual Telephone Association	1,229.13	160.80	137.70	8.13	7.51	28
Quincy Mayger Telephone Co.	3,000.00	236.00	192.00	36.49	76.33	70
*Riverdale Telephone Co.	4,500.00	150.00	21.67	52.00	85.74	9
Rye Valley Telephone Co.	632.70	308.17	206.18	14.25	7.99	28
Sams Valley Telephone Co.	440.00	37.50	40.15	5.34	31.59	17
*Siletz Bay Telephone Co.	500.00	48.00	78.00	16.41	68.15	35
South Fork Telephone Co.	600.00	150.00	10.00	3.85	6.84	15
South Myrtle Telephone Co.	226.00	10.00	122.95	3.16	350.00	55
Southern Curry Telephone Co.	5,000.00	350.00	72.56	38.84	2.38	43
Spring Valley Telephone Co.	880.00	164.17	452.28	27.44	61.20	87
Stage Gulch Telephone Line	600.00	100.00	332.54	17.48	38.82	70
St. Paul Mutual Telephone Co.	217.59	530.96	144.48	15.78	60.83	5
Sweet Home, Foster and Cascadia	3,000.00	436.64	193.17	19.52	60.00	20
V. and W. Telephone Co.	652.50	103.17	240.00	120.00	23	
*Waldport Telephone Co.	1,000.00	205.00	480.00			
*West Branch and Gable Creek Telephone Co.	500.00					
Wheeler Telephone System	575.00	480.00				
Yoncalla Telephone Exchange	400.00	600.00				

Bold face type indicates deficit.

\* Incomplete report.



## TELEGRAPH UTILITIES

### Postal Telegraph Company

Organized November 29, 1903, under the laws of the State of Oregon.

*Principal Office:* Portland, Oregon.

*Principal Officers:* President, O. F. Schulz, Seattle, Wash.; Vice President, Edward Reynolds, New York City; Secretary, B. S. Durkee, Portland, Oregon; Treasurer, Jos. J. Cardona.

#### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	
Plant and equipment .....	\$	10,000.00
Cash .....		15,226.12
Accounts receivable from customers .....		11,630.77
Miscellaneous accounts receivable .....		20,500.00
Profit and loss—debit balance .....		65,392.25
Total assets .....	\$	122,749.14

<i>Liabilities</i>		
Capital stock .....	\$	10,000.00
Miscellaneous accounts payable .....		82,249.14
Reserve for accrued depreciation .....		30,500.00
Total liabilities .....	\$	122,749.14

<i>Income Statement:</i>		
Operating revenues, telegraph and cable .....	\$	95,850.30
Operating expenses, telegraph and cable .....		93,672.03
Uncollectible operating revenues .....		10,681.00
Taxes assignable to operations .....		153,637.00
Operating income transferred to profit and loss .....	\$	530.09

#### *Operating Statistics:*

Number of telegraph offices .....	13
Miles of wire operated .....	7,062.05

### Western Union Telegraph Company

Organized April, 1851, under the laws of the State of New York.

*Principal Office:* 195 Broadway, New York, N. Y.

*Principal Officers:* President, Newcomb Carlton, 195 Broadway, New York City; First Vice President, G. W. E. Atkins, 195 Broadway, New York City; Vice President and General Counsel, Rust Taggart, 195 Broadway, New York City; Vice President in Charge of Commercial Department, J. C. Willever, 195 Broadway, New York City; Vice President in Charge of Traffic, W. N. Fashbaugh, 195 Broadway, New York City; Vice President in Charge of Plant and Engineering, G. M. York, 195 Broadway, New York City; Vice President and Comptroller, E. Y. Dallagher, 195 Broadway, New York City; Treasurer, Lewis Dresdner, 195 Broadway, New York City; Secretary, A. F. Burleigh, 195 Broadway, New York City; General Auditor, H. W. Ladd, 195 Broadway, New York City; General Attorney, F. R. Stark, 195 Broadway, New York City; European Representative, Stanley J. Goddard, London, England.

## FINANCIAL AND GENERAL STATISTICS

**Balance Sheet:****Assets**

Plant and equipment to January 1, 1914 .....	\$116,645,862.54
Plant and equipment since December 31, 1913 .....	35,433,211.51
Construction work in progress .....	9,566,553.84
Investment securities .....	11,272,423.76
Long term advances receivable .....	0.00
Cash .....	5,734,001.22
Special deposits .....	23,721.18
Employees working funds .....	889,335.83
Marketable securities .....	17,515,379.05
Bills receivable .....	265,712.30
Accounts receivable from customers and agents .....	15,526,869.29
Accounts receivable from system corporations .....	100,574.60
Miscellaneous accounts receivable .....	1,871,890.68
Materials and supplies .....	4,737,537.18
Unmatured interest, dividends and rents receivable .....	275,967.36
Sinking fund assets .....	368,050.02
Insurance and other reserve fund assets .....	9,468.75
Prepaid rents .....	335,985.49
Prepaid insurance .....	27,378.66
Other prepayments .....	27,975.17
Other deferred debit items .....	456,886.11

Total asset accounts ..... \$222,264,684.34

**Liabilities**

Capital stock .....	\$ 99,786,726.66
Capital stock of subsidiary companies .....	1,782,375.00
Funded debt .....	31,994,000.00
Bills payable .....	10,500,000.00
Audited vouchers and wages unpaid .....	1,216,817.76
Customers' deposits .....	6,046.77
Accounts payable to system corporations .....	10,122.19
Miscellaneous accounts payable .....	9,136,682.38
Matured interest, dividends and rents unpaid .....	153,502.08
Service billed in advance .....	82,334.56
Taxes accrued .....	4,563,762.76
Unmatured interest dividends and rents payable .....	2,548,042.45
Deferred non-interest bearing liabilities .....	12,948,357.31
Reserve for accrued depreciation .....	13,036,531.94
Reserve for amortization of intangible capital .....	58,485.08
Reserve for doubtful accounts .....	950,451.61
Liability for provident funds .....	1,000,000.00
Other deferred credit items .....	1,497,946.80
Profit and loss—Credit balance .....	30,947,549.02

Total liability accounts ..... \$222,264,684.34

**Income Statement:**

Telegraph and cable operating revenues .....	\$ 86,690,649.41
Telegraph and cable operating expenses .....	69,079,742.74
Uncollectible operating revenues .....	409,738.00
Taxes assignable to operations .....	3,563,356.66

Operating income ..... \$ 13,637,812.01

Non-operating income ..... 1,402,597.37

Gross income ..... \$ 15,040,409.38

Deductions from gross income ..... 5,144,856.85

Net income for year ..... \$ 9,895,552.53

Miscellaneous appropriations of income ..... \$ 1,000,000.00

Transferred to profit and loss ..... 8,895,552.53

**Profit and Loss Account:**

Credits—balance at beginning of year .....	\$ 29,248,410.33
Credits—from income account for year .....	8,895,552.86
Debits—adjustments .....	214,032.84
Dividends paid and declared .....	6,982,381.00
To balance sheet at the end of year .....	30,947,549.02

**Earnings—This State Only:**

Total intrastate receipts ..... \$ 170,013.75

Total intrastate expenses including taxes ..... 133,818.06

Net intrastate earnings ..... \$ 36,195.69

**Operating Statistics:**

Number of telegraph offices, entire system .....	25,452
Number of telegraph offices, in Oregon .....	248
Miles of wire operated, entire system .....	1,382,547.23
Miles of wire operated, in Oregon .....	12,345.05

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**THIRTEENTH ANNUAL REPORT**

OF THE

**PUBLIC SERVICE COMMISSION  
OF OREGON**

TO THE

**GOVERNOR**



**JANUARY 1, 1919, to  
DECEMBER 31, 1919**



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**OF THE**  
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**TO THE**  
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**JANUARY 1, 1919, to**  
**DECEMBER 31, 1919**



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**PUBLIC SERVICE COMMISSION  
OF OREGON**

**FRED A. WILLIAMS, Chairman,**  
**HYLEN H. COREY,**  
**FRED G. BUCHTEL,**  
*Commissioners.*

---

**WILLIAM P. ELLIS, Secretary.**

# THIRTEENTH ANNUAL REPORT

To the Governor:

Sir: As required by law, the Public Service Commission of Oregon submits herewith its Thirteenth Annual Report, embodying its activities for the year ending December 31, 1919.

Immediately following the cessation of the war, this year might be termed one of readjustment of the perspective of our citizens looking toward a return to normal conditions. For some time our activities had been drawn into unusual channels, so that the readjustment during the year 1919 has been attended with complications and uncertainty.

Policies that were peculiarly applicable to conditions of the preceding two years had to be revised in many instances. We were required in some measure to gauge the future in order that constructive peace time policies might be formulated to apply to the changed conditions that our public utilities and railroads must face during the next few years.

Material and labor price levels continued to advance and the utilities, without knowledge of how long they shall be burdened with peak costs, have, in numerous instances, felt the necessity of higher rates in order to meet such costs. In consequence, the Commission and its staff have been pressed to the fullest extent in hearing applications for relief, and gathering the necessary related data to enable the most equitable adjudication of such cases.

## ORGANIZATION AND PERSONNEL

In carrying on its various activities the Commission now maintains four separate offices. The principal office and office of record is maintained at the Capitol in Salem, where the greater portion of the Commission's business is transacted. For the handling of local informal matters pertaining to railroads and public utilities, the Commission maintains a branch office at 252 Court House, Portland. Many formal hearings of the Commission are also held here.

The work of our track scale inspection department is handled through both of the offices above mentioned.

The principal office of our grain inspection department is in room 723, Court House, Portland, while a branch of this department is also maintained at Astoria.

Mr. Fred A. Williams, of Grants Pass, was elected a member of the Commission from the state at large, to succeed Frank J. Miller, and took office at the beginning of the year. The Commission then organized and named Commissioner Fred G. Buchtel chairman.

The following changes occurred in the staff of the Commission during the year:

Captain C. J. Green returned from military service and was reappointed hydro-electric engineer on January 1. Later in the year he was advanced to the position of chief engineer.

Guy M. Harris, also returned from military service, was appointed auditor, on March 1.

Captain W. D. Clarke who had been granted a leave of absence while in military service in France returned and resumed his duties as railroad engineer on August 1.

W. T. Neill, electrical engineer, resigned to enter private practice, on October 31, and his work was taken over by C. I. Kephart.

Several changes occurred in the clerical force during the year.

## GOVERNMENT CONTROL OF RAILROADS AND TELEPHONE AND TELEGRAPH UTILITIES

Government control of the major railroads of the country continued throughout the year. This Commission endeavored, in every way, to cooperate with the United States railroad administration in smoothing out the various difficulties and conflicts in rules and regulations that resulted from the assumption under one organization of control and direction of a large number of previously separate and distinct systems of carriers, to the end that as complete coordination as possible might be accomplished. Any serious impairment of our transportation facilities would have been disastrous and far reaching in effect.

It was at the same time essential that the smaller carriers of the state, subject to this Commission's jurisdiction, should be afforded all consideration and assistance necessary to the maintenance of the proper standard of service in conjunction with the federally controlled roads and changes in rules promulgated by the railroad administration. For example, raises in wages of the employees of federal carriers frequently caused applications for corresponding advances on the part of some of the smaller roads in order that the morale of the latter might not suffer and a deterioration of service follow.

The telephone and telegraph utilities were released to their owners at midnight of July 31, 1919, and resumed the status under which they were operated prior to government control and operation. While this Commission offered every facility for cooperation with the government in the direction of the affairs of these utilities, it was felt incumbent upon it to protest when the postmaster general initiated rate advances and regulations that seemed partially unnecessary and would be unduly burdensome to the people of this state. Accordingly, a proposed general rate tariff embodying large increases in various classes of service was suspended and hearing instituted according to the laws of the state of Oregon. By its order, dated May 1, 1919, the Commission established what it found, after an exhaustive investigation, to be fair and equitable rates for the period, higher in most instances than the previous charges but less than those suspended. Meantime advances in wages were the ostensible cause of another effort being made just prior to the termination of government control, by the officials of the Pacific Telephone and Telegraph Company to install the rate schedule previously attacked by the Commission. It was again ordered suspended, further hearings held and a scale of exchange rates formulated by the Commission somewhat in excess of those named in its order of May 1.

## COMPLAINTS BEFORE THE COMMISSION

Below are indicated the number of formal and informal complaints acted on by the Commission during the year, the former necessitating hearings according to the practice of the Commission, and the latter disposed of informally by members of the Commission or of its staff.

During 1919 there were 113 formal complaints filed, classified as follows: Seventy-two railroad, one express, twelve electric, four water, twenty-three telephone and one in the grain department. At the end of the year 65 cases were still open in this docket, 48 cases having been disposed of in addition to those open on January 1.

Two hundred and forty-eight informal complaints were made to the Commission during the same period, classified as follows: One hundred eight railroad, nine express, thirty-two electric, eleven water, eleven gas, seventy-four telephone, and three telegraph. At the end of the year 50 cases were open on this docket, 198 cases having been handled in addition to those open on January 1.

### GRADE CROSSINGS

All applications for grade crossings, whether made by state or municipal authorities, civic commercial bodies, railroads, industries or individuals, are handled as formal cases. An inspection of the site of the proposed crossing is made by the Commission's railroad engineer or some other qualified member, and all interested parties heard. Full consideration is then given of all the probable hazards involved and the application granted or denied, or a separation of grade required, in accordance with the policy of avoiding dangerous grade crossings, without unduly hampering the development of the highways, railroads and industries of the state.

The work of track scale inspector was continued in the usual manner, with the following summary of results for the year 1919:

Total number of scales tested, railroads .....	24
Total number of scales tested, industries .....	5
Total number of scale tests made .....	43
Scales tested and not sealed, awaiting repairs .....	2
Total number of scales refitted .....	5
Scales without seal December 31, 1919 .....	1
New scale installations during the year .....	3

Adverting to the recommendation in previous reports for the purchase of a master scale for the standardization of the test car, perhaps jointly with Washington, we quote the following from the report of the scale expert:

"At this time, I would call your attention to our urgent need for a master scale to weigh our test car and other test cars belonging to carriers, of which there are three. We have been very fortunate in the past in keeping our car so close to the standard that its weight has never been questioned. But owing to the increase in freight rates and the high cost of grain and products and other commodities weighed over our track scales, we should be ready at any time to prove the correct weight of our car. Repairs are liable to be made at any time without my knowledge. Therefore this car should be weighed at least once a month. A master scale will cost about \$10,000.00."

### FREIGHT RATE CASES

The outstanding rate case in which the Commission was engaged during the year was that known as the Columbia Basin Grain Rate Case, which was heard before the Interstate Commerce Commission sitting in Portland and Seattle.

In April, 1917, based on various complaints, the Commission initiated an investigation of the rates on grain from Columbia river basin points in eastern Oregon to Portland. It was contested by the railroads involved, which set up the defense during the following year that this Commission had no jurisdiction and that it was subject to federal control. Action on



the same subject was brought by the Inland Empire Shippers' League against the railroad administration in 1919. Shortly thereafter, the commission of public docks of the city of Portland instituted an attack on all freight rates from Columbia river basin points down the Columbia river grade which were practically the same as those on like commodities in force over the mountains in Washington to Puget Sound points. The Public Service Commission attacked this rate structure by filing formal complaint, and all three cases were consolidated by the Interstate Commerce Commission for hearing as above stated.

In connection with the earlier cases, the Commission had begun an exhaustive analysis of the fundamental and underlying elements entering into the cost of freight service over these two routes, for the direction of which work J. P. Newell, consulting engineer of Portland, was employed. The data were assembled in a comprehensive report that formed the basis of the principal testimony presented by the Commission in this case.

The tentative report of the chief examiner of the Interstate Commerce Commission in the case was submitted late in the year. It recognized the force of our contentions and recommended the granting of rates partially reflecting the advantages of the water grade, though not wholly so, and it is the intention of the Commission to pursue the matter further in order that our topographical advantages of location may be fully realized. The legal phases of the case were handled for the Commission by Attorney General Geo. M. Brown and Assistant Attorney General J. O. Bailey.

## PUBLIC UTILITIES

The chief item of note in relation to the electric, water, gas, telephone and telegraph utilities of the state is the general increase in operating expenses due to abnormal price levels of both labor and material, in consequence of which numerous applications for rate advances reached the Commission. All necessitated detailed investigation, formal hearings, and the revision of rates on the most equitable basis, in order that the various communities of the state might be assured of continued service of the proper quality.

## OPERATIONS OF RAILROADS AND UTILITIES

The essential parts of most of the formal orders of the Commission for the year are set out in Appendix I of this report. All valuations made are enumerated in the orders.

Statistical data presenting the physical, financial and traffic affairs of steam and electric railroads for the year are to be found in tabular form in Appendix II, Part I. Corresponding information for the various classes of utilities is shown in similar form in Appendix II, Part II.

## LITIGATION

### Southern Pacific Company v. Public Service Commission.

Appeal from an order of the Commission in matter of appropriation by Willamette Pacific Railroad of County Road No. 65, known as the Mapleton-Acme road, in Lane County. Commission's order sustained in the circuit court of Lane County, but was carried to the supreme court where the decree of circuit court was reversed and petition dismissed.

**City of Hillsboro v. Public Service Commission, et al.**

Suit brought by the City of Hillsboro to set aside an order of the Commission holding that the franchise provision as to free hydrant service to the city did not preclude the Commission from fixing a rate for hydrant service. Demurrer to complaint was sustained by the lower court and the case was appealed to the supreme court. Supreme court affirmed decision of lower court, holding authority of Commission.

**Hammond Lumber Company, et al., v. Public Service Commission.**

Suit was brought in the circuit court of Marion County to set aside an order of the Commission prescribing freight rates to be charged by the Columbia and Nehalem River Railroad Company. The circuit court upheld the order of the Commission, whereupon the case was appealed to the supreme court. The supreme court affirmed the decision of the lower court.

The following cases were pending at the end of the year:

**Southern Pacific Company v. Public Service Commission.**

Suit against the Commission's order for physical connection of tracks of the Southern Pacific Company and the Oregon Electric Railway in Albany. Argued and submitted by briefs December 31, 1917, and is still pending. Under federal operation of these roads, however, this connection was made during the summer of 1918. Case still pending.

**Logan v. Public Service Commission, and Chas. K. Spaulding Logging Company.**

Suit instituted by plaintiff to set aside an order of the Public Service Commission granting a franchise to the Chas. K. Spaulding Logging Company to drive, boom, catch and hold logs on the Luckiamute river. Order of Commission upheld in lower court. Appeal taken to supreme court. Supreme court affirms decision of lower court, holding that in so far as the use of splash dams does not work an injury to the rights of riparian owners their use is proper. Petition for rehearing pending.

**LOG BOOM ACT**

Since the early series of applications to obtain stream franchises, there has followed a noticeable diminution of activity under the authority of this act. This has been due, perhaps, to the pending litigation which involved the constitutionality of the act. Should the constitutionality of this law be upheld, we may expect a renewal of the activity and expansion of logging and booming under the provisions of this act on the various streams advantageously located.

**GRAIN INSPECTION DEPARTMENT**

The grain department has been confronted with many unforeseen difficulties during the past year by reason of war restrictions, labor conditions and car shortages, which necessitated our going before the emergency board for funds with which to carry on the work of the department.

The lack of funds has been a very serious handicap in the operation of the department. We have not been able to do any research work, nor get out in the country to make inspections or instruct warehousemen in their duties pertaining to the law or the standards of grades adopted by the department. In this connection it might be said that ninety percent of the difficulties that arise between the shipper and grain dealer are caused by ignorance of the law and grades, and this department should lend its aid, along with the United States grain supervision, in lessening these troubles.

From the standpoint of efficiency, however, we believe this department ranks second to none in the United States. We have in our employ a very

efficient force of men who by their endeavor to serve, their attention to the work at hand and their painstaking efforts to advance in the grain inspection work, have made this condition possible.

The grades of grain as standardized by the United States grain supervision bureau are meeting with success and, with perhaps a few exceptions, are generally accepted by the grain trade as a great improvement over the old grades and methods in making determinations.

Since the law was passed making the inspection of hay necessary, our hay inspections have increased two fold. During the month of December our fees amounted to \$344.88. However, because of the fact that the railroad companies have not provided scales at the unloading points we have not been able to give this work the attention it should have, but now that the roads have gone back to private ownership the different companies have promised to install the necessary scales, and we look for a considerable increase in our hay inspections during the coming year.

The department is also trying to ascertain the wants of the exporters and importers of copra, hemp, rubber and general cargoes, so that we can equip ourselves with the necessary scales, etc., to weigh these commodities and eliminate from the minds of importers the thought that we are not properly equipped in Oregon to perform this service, which is now the case; importers particularly sending men here from Puget Sound points to weigh these cargoes.

Below is a tabulation of the grain receipts at the licensed warehouses in the different counties of Oregon for 1919, and expenses incurred by this department.

**GRAIN INSPECTION DEPARTMENT RECEIPTS**  
For the year ended December 31, 1919

	TONS				FEES
	Inspected			Weighed Out	
	Sacked	Bulk	Total		
Wheat .....	223,548	67,837	291,385	38,747	\$ 16,832.37
Oats .....	30,222	2,020	32,242	1,741	1,846.43
Corn .....	136	6,173	6,309	227	237.34
Rye .....	818	.....	818	.....	43.77
Barley .....	19,972	25	19,997	1,158	1,091.95
Flax .....	.....	984	984	2,201	216.33
Miscellaneous :					
In .....	.....	.....	1,378	.....	74.83
Out .....	.....	.....	.....	.....	3,346.01
Weighed out .....	.....	.....	.....	2,041	759.51
Samples inspected .....	.....	.....	.....	.....	508.88
Hay .....	.....	.....	11,796	.....	1,374.40
Flour .....	.....	.....	.....	.....	773.35
Wheat sold .....	.....	.....	.....	.....	432.66
Total .....	274,696	77,039	364,909	46,115	\$ 27,537.83

**PUBLIC SERVICE COMMISSION OF OREGON,**

By **FRED G. BUCHTEL,**  
**H. H. COREY,**  
**FRED A. WILLIAMS,**

Attest:  
W. P. ELLIS, Secretary

Commissioners.

## **APPENDIX I**

### **SUMMARY OF PROCEEDINGS HAD ON FORMAL COMPLAINT BEFORE THE COMMISSION AGAINST RAILROADS AND PUBLIC UTILITIES**

**NOTE.—IN THE MAJORITY OF THESE CASES, THE MOST ESSENTIAL  
PORTIONS ONLY OF THE ORDERS HAVE BEEN  
INSERTED IN THIS REPORT**

## APPENDIX I

## FORMAL CASES INVOLVING RAILROADS AND UTILITIES

BAKER WHITE PINE LUMBER COMPANY, a corporation,  
 v. Plaintiff, } No. F-773  
 SUMPTER VALLEY RAILWAY COMPANY, a corporation,  
 Defendants. }

(ORDER ENTERED JANUARY 20, 1919—P. S. C. ORDER NO. 484)

This proceeding is before the Commission upon the complaint of the Baker White Pine Lumber Company against the Sumpter Valley Railway Company, requesting that an order be entered requiring the defendant company to establish and maintain a rate on logs between Baker and a point on its line known as Clifford Siding.

Pursuant to due notice to the parties hereto, this matter came on regularly for hearing before the Commission at the courthouse in the city of Baker, Oregon, on Thursday the nineteenth day of December, 1918, plaintiff appearing by A. A. Smith, its attorney, and John L. Rand appearing on behalf of the defendant. At such time and place testimony and evidence was offered and received on behalf of the respective parties hereto. All testimony having been taken and briefs filed herein, the matter now stands fully submitted and ready for decision.

Clifford Siding is situated on the line of the defendant company at a point approximately forty-five miles distant from Baker, and between the stations of Whitney and Tipton, it being approximately two miles from the former and five and one-half miles from the latter.

This siding was installed by the plaintiff company for its own convenience and use and at its own expense, for the purpose of assisting in the removal of approximately thirty million feet of timber held by it in that vicinity. It is anticipated that this will be removed at the rate of a million and a quarter or a million and a half a month.

The tariff of the defendant company names no rate on logs from that point, and by virtue of Item No. 19 of the effective tariff the rate from the next more distant point from which a rate is named is now being applied. Under the terms of this provision, the rate from Tipton, which, as before stated, is five and one-half miles beyond, applies.

The rate on logs between Tipton and Baker is now \$3.62½, while the Whitney rate is \$3.12½, a differential of fifty cents per thousand for the haul of 7.6 miles between these two points.

It is the plaintiff's contention that the application of the Tipton rate to its log shipments from Clifford Siding to Baker constitutes an unjust discrimination against shipments from Clifford Siding, and that the defendant should be compelled to name a rate from such latter named point which would not be unjustly discriminatory. Plaintiff further contends that the rate to be established should be the same as the present Whitney rate.

In answer to the plaintiff's contentions defendant avers that Clifford Siding is not a regularly established station, but is merely a siding established for the convenience of the plaintiff; that it is contrary to its usual practice to establish rates from mere sidings; that the application of rates in this instance is similar to the block rate principle and therefore entirely proper; that the rate charged is a reasonable one and in accordance with its existing tariff; and that any reduction in the rate applicable to the shipments in question would seriously affect the finances of the defendant company.

From a full consideration of the foregoing facts, and of the entire record herein, the Commission makes the following findings:

That the present practice of the defendant company, of applying the Tipton rate to log shipments moving from Clifford Siding to Baker, constitutes an unjust and unreasonable discrimination against said point of Clifford Siding and in favor of other points on said line of railroad.

That a just, reasonable and not unjustly discriminatory practice for said defendant to follow and observe in the future would be to establish and thereafter charge, impose and collect, on all carload shipments of logs over its line of railway between Clifford Siding and Baker, a rate not to exceed three dollars and twenty-five cents (\$3.25) per thousand feet board measure.

That twenty days from and after the date hereof is a reasonable time within which defendant shall comply with the provisions hereof.

Based upon the foregoing findings, IT IS ORDERED, CONSIDERED AND DETERMINED that within thirty days from and after the date hereof the defendant Sumpter Valley Railway Company shall cease and desist from the practices hereinbefore found to be unjustly and unreasonably discriminatory, and thereafter follow and observe in lieu thereof, the just, reasonable and not unjustly discriminatory practices hereinbefore prescribed.

IT IS FURTHER ORDERED that prior to the effective date hereof the defendant shall publish and file, in the manner provided by law and the rules of this Commission, a tariff or a supplement to its present tariff, setting forth rates, regulations and practices which shall not conflict with the provisions of this order and which tend to carry out the spirit and intent hereof.

In the matter of the rates, rules, charges, practices, regulations and service of the CRESWELL WATER COMPANY. } No. U-F-235  
(Investigation on Commission's own motion.) }

(ORDER ENTERED JANUARY 28, 1919—P. S. C. ORDER NO. 486)

In consequence of several complaints concerning the water service provided in the town of Creswell by the Creswell Water Company, this proceeding on the initiative of the Commission came on for hearing at Creswell, Oregon, on November 19, 1918.

Testimony was presented, by representatives of the town and several consumers, that the mains, particularly the wood stave pipe, leak at numerous points; that the tower supporting the elevated water tank has so deteriorated as to be unsafe to sustain in excess of half of the capacity of the tank, thus not only rendering the general supply of water inadequate but providing insufficient or negligible fire protection for the town; and further that, owing to the present limited storage capacity, standby power should be installed, for use in the event of temporary failure of electric power, due to fire or other causes.

Mr. Ricker, manager of this utility, testified in its behalf, and admitted the justice of the complaints submitted. He ascribed the present defective condition of the plant to insufficiency of revenue and lack of funds under present rates to provide even the necessary maintenance, aside from any consideration of expansion of the service.

Concurrently with and as a part of this determination, the Commission's engineer investigated the grounds of these complaints and made a comprehensive inspection of this water system. His conclusions support the general tenor of the evidence offered.

The valuation of the property of this water system, used and useful in the public service, as presented to the Commission by its engineer, places the normal reproduction cost new of the system on December 31, 1918, at \$10,530.00, to which is added \$300.00 for estimated working capital. The accrued depreciation is estimated at \$4,237.00, and the normal present value of the property considered as a going concern, for rate-making purposes, is placed at \$6,590.00, including working capital.

The rates under which this company has been operating, according to the tariff on file with this Commission, are as follows:

*Meter—*

\$1.00 for the first 300 cu. ft.  
.30 for each 100 cu. ft. in excess of 300 cu. ft.

*Flat—*

Modern house, including bath and toilet .....	\$1.25 per month
Ordinary house .....	1.00 per month
Store buildings, creamery stations, etc. ....	\$1.00 to 3.00 per month
City fire hydrants, each .....	.25 per month

In addition to their failure to provide adequate revenue to meet current maintenance expenses, these rates have not afforded the creation of a depreciation reserve fund to cover the cost of equipment when its service life shall have ceased.

Analysis of the operating expenses of this utility discloses the grounds for its present neglected condition. With the manager receiving a salary of \$1.00 per

day in a time of war prices and with no allowance for accruing depreciation of plant, it is quite apparent that the patrons of this utility have hitherto enjoyed rates below the actual cost of service to the company, with the inevitable result of depletion of its finances and fixed capital. \* \* \*

Taking into consideration the conditions herein outlined and the facts disclosed by the record in this case, as well as an analysis of the existing tariff rates in force in Creswell, the Commission arrives at the conclusion that the present schedules of this utility are not only obsolete in part, but are unjust, unreasonable and unjustly discriminatory and do not meet the necessary operating expenses. The following rates and regulations, however, are deemed by the Commission to be fair and reasonable to be placed in effect by the Creswell Water Company in substitution of those now in force. While they may not completely meet all the expenses hitherto named, including a return on the investment, they are believed to afford this utility the means of rehabilitating its plant and providing the proper class of service to its patrons.

### SCHEDULE 1—FLAT RATES

Rates are according to classification

	Class A	Class B
First faucet .....	\$1.10	\$1.60
Each additional faucet for bowls, sinks, etc., not otherwise specified .....	.15	.35
Note.—The preceding items should not include drain cocks, sill cocks, etc., used for lawn or garden sprinkling; hot water faucets in set with cold water faucets when latter are counted; bowls used in connection with barbers' chairs; barn, irrigating, garage and other faucets which furnish water for service otherwise charged for under the flat rate schedule. Stationary wash tubs in sets at same location count as one additional faucet.		
Baths, first .....	.30	.75
Each additional bath .....	.25	.75
Toilets, first .....	.50	1.00
Each additional toilet .....	.25	.50
Urinals, single fixture or per 2-ft. length, each .....	.50	.75
Automobiles washed on premises, each .....	.35	.50
Barbers' chairs, each after the first .....		.35
Dentists' fountains .....		1.00
Horses and cows, each .....	.25	.25
Sill cocks for washing store fronts and sidewalk sprinkling, each....	.35	.35
Bubbling fountains, intermittent, each .....	.50	1.00
Bubbling fountains, constant flow, each .....	1.00	1.00
Lawn and garden sprinkling, through common hose fitted with nozzle or lawn fountain, not to exceed 2 hours per day: Up to 3,000 sq. ft. area .....	1.25	1.25
Each additional 1,000 sq. ft. of sprinkling upon same terms .....	.25	.25
(Payment in advance for the sprinkling season of four months permits use of water for these purposes for the twelve months until beginning of the next season.)		

### Exceptions to Classification

Construction of public works, buildings, etc.,  $1\frac{1}{2}$  times meter rates, without the minimum.

On small construction jobs, or where setting of meter is impracticable, use estimated quantities consumed.

### SCHEDULE 2—METER RATES

First 300 cu. ft. per month or less .....	\$1.50
Next 1,200 cu. ft. per month .....	.20 per 100 cu. ft.
Next 2,500 cu. ft. per month .....	.15 per 100 cu. ft.
All over 4,000 cu. ft. per month .....	.10 per 100 cu. ft.

Minimum charge per month, according to size of service pipe and meter; if size of meter does not correspond with the size of pipe as named below, the size which gives the lowest minimum shall be used:

Size of service pipe	Corresponding size of meter	Minimum charge
$\frac{3}{4}$ -in. ....	$\frac{3}{4}$ -in. ....	\$ 1.50
1 -in. ....	$\frac{3}{4}$ -in. ....	2.00
$1\frac{1}{4}$ -in. ....	1 -in. ....	3.00
$1\frac{1}{2}$ -in. ....	$1\frac{1}{4}$ -in. ....	5.50
2 -in. ....	2 -in. ....	8.00
3 -in. ....	3 -in. ....	13.50

## SPECIFIC RATES

Independent of Schedules 1 and 2

Private fire hydrants and standpipes, inside or outside of buildings.

1 -in. connection or less .....	\$1.00 each
1 1/4 -in. connection .....	1.25 each
1 1/2 -in. connection .....	1.50 each
2 -in. connection .....	2.00 each
2 1/2 -in. connection .....	2.50 each
3 -in. connection .....	3.00 each
3 1/2 -in. connection .....	3.50 each
4 -in. connection .....	4.00 each
Public bubbling fountains and horse troughs, intermittent flow .....	.50 each
Public bubbling fountains and horse troughs, constant flow .....	1.00 each
Municipal fire hydrants, 2 -in. connection or less .....	2.50 each
2 1/2 -in. connection or less .....	3.00 each
3 -in. connection or less .....	3.50 each
3 1/2 -in. connection or less .....	4.00 each
4 -in. connection or less .....	4.50 each

Based on the findings from the record and other pertinent facts in connection with this determination:

IT IS ORDERED that the Creswell Water Company be and it hereby is authorized to apply, in lieu of its present rate schedules, the rates, rules and regulations hereinbefore determined to be just and reasonable.

The schedules authorized herein are to be considered as maximum for the service stipulated, and nothing in this order shall be interpreted as preventing this utility from making any reduction in them at any time upon the proper publication and filing of tariffs, provided that such revisions will not result in unjust discrimination as between individual consumers, classes of service, or localities.

IT IS FURTHER ORDERED that this utility shall forthwith proceed to make such repairs to its tower, water mains and other elements of its plant as shall eliminate the grounds for complaint of insufficiency and lack of uniformity of service as ascertained and place this system in such condition as will enable the maintenance of an adequate supply of water for fire protection and general service at all times; as well as accomplish any other measures requisite for the rendition of the class of service to which the patrons of the utility are entitled.

This order shall become effective the first day of February, 1919, and this utility shall publish and file in the manner prescribed by law and the rules of this Commission a tariff in conformity herewith.

In the matter of the application of the **HEPPNER LIGHT & WATER COMPANY** for authority to increase electric and water rates. } No. U-F-221

(ORDER ENTERED JANUARY 28, 1919—P. S. C. ORDER NO. 487)

## FINDINGS AND ORDER

Under date of April 12, 1918, the Heppner Light & Water Company filed application with this Commission for authority to increase its electric and water rates for service supplied in and about the city of Heppner, Oregon, which was followed by a supplemental application dated May 13, 1918, setting forth that the advances desired were 20 per cent over the then existing electric and water rates.

Pursuant to due and legal notice, hearing was held in Heppner on the second day of August, 1918. Testimony was then and there taken and facts submitted on behalf of applicant, interested citizens and the Commission.

The application of the company for these increases was opposed by the city of Heppner on the grounds that the present rates are excessive, unreasonable and unjustly discriminatory; that the service rendered by applicant is inadequate and insufficient; and that the regulations and practices of said Heppner Light & Water Company are unfair, unreasonable and unjustly discriminatory.

In order to properly consider the questions involved, a valuation of the applicant's property was made, in accordance with Sections 9 and 10 of Chapter 279 of the General Laws of Oregon for the year 1911, and an investigation was made of the service rendered and regulations in effect by this company; all concurrently with and as a part of this proceeding.



With the record before it, the Commission now finds as follows:

Ordinance No. 49, passed by the town of Heppner under date of July 2, 1892, granted to H. V. Gates, his successors and assigns, a franchise for the construction and operation of an electric light and power system. Ordinance No. 59, passed by the town of Heppner under date of August 5, 1892, granted to H. V. Gates, his successors and assigns, a franchise for the construction and operation of a water system, transferred to him certain property and provided for the payment by the town to grantee of the sum of \$15,000.00 under the terms and conditions and for the purposes stated therein. These franchises were amended by subsequent ordinances in certain respects. Later ordinances were passed by the city contracting separately for street lighting and additional water hydrant service. These franchises were transferred later the same year to the Heppner Light & Water Company, an Oregon corporation organized August 22, 1892.

The original franchises were for periods of fifteen years and, in accordance with the provisions of each, they have been extended from time to time, subject to the amendments thereto. The last extension granted by Ordinance No. 138, of the city of Heppner, passed May 10, 1913, terminates June 1, 1923, at which time the city shall have the option of purchasing the electric and water systems under certain terms and conditions specified in the various ordinances.

The original capital stock of \$40,000.00 was subsequently diminished to \$24,000.00 paid up, and the city, under the terms of Ordinance No. 50, advanced to the company \$15,000.00 and turned over to it an uncompleted well and certain land acquired by the city during its earlier water developments. With this \$39,000.00 the electric and water systems were constructed and approved by the city in the year 1893. Both the electric and water systems have since been largely extended. All cash for the expansion of the electric and water utilities was advanced by the stockholders and the company's notes taken. These notes are now outstanding and their face value on January 1, 1918, was \$60,840.47, with accrued and unpaid interest amounting to \$8,281.43.

Question having since arisen as to the jurisdiction of the Commission under the state laws to pass on the application of this company in so far as it concerns water rates and the water system in Heppner, owing to the terms and conditions embodied in the franchise for the water utility, this question was submitted to the attorney general of the state for determination. In an opinion rendered to this Commission under date of October 26, 1918, the attorney general holds that the terms and conditions comprising this franchise are such as to place it without the jurisdiction of this Commission. In consequence thereof, the Commission has by its Order No. 482, issued under date of December 4, 1918, dismissed the application of the Heppner Light & Water Company in so far as it pertains to water rates and the water system in Heppner, and as to nothing else. The present order will, therefore, deal exclusively with the application for an increase in electric rates.

Appraisals of the cost of reproduction new and reproduction cost new less depreciation of the electric properties of this utility have been prepared by the Commission based upon the application of average or normal prices extending over a period of years to the items of an inventory compiled by actual measurement and checking of appliances, machinery and equipment installed, except that 1915 prices were applied to the electric transmission and Lexington distribution systems, owing to their having been constructed during that year. The reproduction cost new less depreciation represents the normal depreciated condition of the property as of January 1, 1918. These appraisals include overhead costs, and are in amounts as given below:

<i>System—</i>	<i>Reproduction Cost New</i>	<i>Reproduction Cost New Less Depreciation</i>
Heppner electric .....	\$54,885.00	\$42,504.00
Transmission and Lexington distribution .....	22,031.00	19,976.00

In addition, the company had in stock material and supplies to the value of \$2,700.00 and \$576.00, respectively, for the above systems.

Making due allowance for cash working capital and development expense, and from a consideration of the testimony submitted and proofs offered, the Commission finds that the value of the property of this utility for rate making purposes devoted to the service of the public on January 1, 1918, was for each of the above systems respectively:

<i>System—</i>	<i>Value as of January 1, 1918</i>
Heppner electric .....	\$46,500.00
Transmission and Lexington distribution .....	21,050.00

Based upon a study of last year's sales from the transmission line, it is estimated that the total quantity of electric energy diverted to that line during 1918 will approximate 75,000 kilowatt hours, producing a revenue of \$6,515.00. The sum of the depreciation, tax, operation, maintenance and administration charges and energy at 5 cents per K. W. H. will equal \$5,553.00, leaving a balance of \$962.00 applicable as return on the fair value of the property, equivalent to 4.6 per cent.

Considering now the results obtaining from the operations in Heppner, during the year 1917 there averaged some 273 customers in the electric service, producing light revenue amounting to \$10,662.54 and power revenue amounting to \$1,474.80, or a total sum of \$12,137.34. Aside from temporary losses resulting from a recent conflagration, it is believed that these receipts will closely approximate those of 1918. The total annual revenue of the Heppner electric system under 1918 conditions, as hereinbefore outlined, is summarized below:

<i>Service—</i>	<i>Amount</i>
Steam power to water utility .....	\$ 7,260.00
Electric energy to transmission .....	3,750.00
Light and power revenue in Heppner .....	12,137.34
Total receipts for 1918 (estimated) .....	\$23,147.34

Against the preceding are the following production, distribution and administration expenses estimated for 1918 on basis of 1917 output and advances met in wages and material costs:

Fuel (as before) .....	\$15,325.00
Administration, operation and maintenance:	
Salaries and wages .....	\$5,900.00
Oil, waste, etc. ....	400.00
Supplies .....	1,000.00
	7,300.00
Depreciation, 4½ per cent on \$46,631.00 (depreciable property) .....	2,098.00
Operating expenses .....	\$24,723.00

Summarizing, we have the following presentation of the income accounts:

Operating revenues .....	\$23,147.00
Operating expenses .....	24,723.00
Net operating deficit .....	\$ 1,576.00
Taxes assignable to operations .....	356.00
Operating income or deficit (deficit here) .....	\$ 1,932.00

Comparison of the above revenues and expenses indicates that this electric system under present conditions falls short some \$1,932.00 of meeting actual operating expenses aside from any provision of return on the investment. Contributing chiefly to this unfortunate situation are necessary raises in wages and the heavy increase in cost of fuel, which must be brought in from distant points.

Normally, a public utility is entitled to sufficient revenue from its operations to fully meet its necessary production and distribution expenses and to provide a fair and reasonable return on the fair value of the property. But there are certain other correlated bases which must be given due weight. The first and most important of these is the value of the service to the consumer, in order that we may avoid the imposition of prohibitive rates which in themselves by loss of business might defeat the purpose of increased revenue sought by the higher rates.

More important than a profit on the investment is the preservation of the integrity of the capital investment itself, and this phase of the subject deserves the Commission's first consideration, in order that the community may be assured of uninterrupted electric service.

Wherever the cost is so direct and vital a factor in the production cost of electric energy as in the case under discussion, the employment of flat rates for general service may be very uneconomical and their use is to be condemned. No; only do they lead to excessive and wasteful demands of energy, but all such waste causes an unnecessary consumption of fuel and high operating costs, and thereby places an undue burden on all the consumers. The most equitable method of conserving the use of energy is by the installation of meters. While a flat rate schedule has been included herein, the Commission is strongly of the opinion that the patrons of this utility should be brought under the meter schedules at the earliest moment and flat rates abolished.

The Commission finds that the municipal lighting rates in Heppner are proportionately lower than those in force in other localities in the state where like conditions prevail, and show a loss under existing conditions. In view of their direct influence on the operations of this utility, these rates should be revised to bear their just proportion of production, operating and maintenance costs, and they have been considered along with the other phases of the case under consideration.

In the light of the facts and conclusions developed herein from the record, the Commission is of the opinion that the present rate schedules of this utility, in whole or in part as may hereinafter appear, covering electric service in Heppner, are inadequate, unfair and unjustly discriminatory, and that the following rates, rules and regulations are not unfair, excessive or unreasonable under existing conditions to be placed in effect in Heppner and environs, in lieu thereof, and they will be so ordered.

### METER RATES

#### *Residence Lighting—*

First 7 kilowatt hours or less per month .....	\$1.40
Next 13 kilowatt hours per month .....	.20 per KWH.
Next 20 kilowatt hours per month .....	.15 per KWH.
All over 40 kilowatt hours per month .....	.10 per KWH.

To include small domestic heating and power devices.

#### *Commercial Lighting—*

First 7 kilowatt hours or less per month .....	\$1.40
Next 23 kilowatt hours per month .....	.20 per KWH.
Next 30 kilowatt hours per month .....	.15 per KWH.
All over 60 kilowatt hours per month .....	.10 per KWH.

To include fans and other single phase motor driven apparatus under 1 H. P. connected to the lighting circuit.

#### *Power—*

First 30 hours per KW. of demand per month .....	\$ .10 per KWH.
Next 30 hours per KW. of demand per month .....	.08 per KWH.
All over 60 per KW. of demand per month .....	.06 per KWH.

To determine the demand of any consumer, the combined ratings of all motors (except elevator motors) shall be ascertained and the following percentages thereof be considered as his demand in horsepower (one horsepower considered as  $\frac{1}{2}$  KW.):

	1 Motor Per Cent	2 to 5 Motors Per Cent	Over 5 Motors Per Cent
First 10 H. P. ....	100	90	85
Next 10 H. P. ....	85	75	70
Over 20 H. P. ....	75	65	60
Average per cent shall not be less than .....	85	75	70

For any installation in excess of 25 H. P. or other unusual use of energy, the actual demand may be measured at the option of the customer or the company; the highest 5-minute average to be considered the demand in lieu of the above.

Elevator motors, all sizes: 70 per cent of rated normal running capacity.

#### *Minimum Power Charges—*

First 5 H. P. of demand .....	\$1.50 per month per H. P.
Next 5 H. P. of demand .....	1.25 per month per H. P.
All over 10 H. P. of demand .....	1.00 per month per H. P.

Minimum connected load under this schedule 1 H. P.

Minimum charge, \$1.50 per month.

## FLAT RATES

*Residence Lighting—*

First 50 watts or less connected load .....	\$1.25	per month
Next 50 watts connected load .....	.02	per watt per month
Next 100 watts connected load .....	.015	per watt per month
All over 200 watts connected load under meter schedule only.		
Small domestic heating and power devices under meter schedule only.		

*Commercial Lighting—*

First 50 watts or less connected load .....	\$1.25	per month
Next 150 watts connected load .....	.02	per watt per month
Next 200 watts connected load .....	.015	per watt per month
All over 400 watts connected load under meter schedule only.		
Fans and other single phase motor driven apparatus under 1 H. P. connected to the lighting circuit under meter schedule only.		

*Municipal Lighting—*

	<i>Until Midnight</i>	<i>All Night</i>
40 watt lamps .....	\$1.25	\$1.50
60 watt lamps .....	1.80	2.15
100 watt lamps .....	2.70	3.25
200 watt lamps .....	4.00	4.75

Based on the findings outlined hereinbefore and other facts developed from the record bearing on a fair and complete determination of this case,

IT IS NOW ORDERED that the applicant be and it hereby is granted the right and privilege, from and after the effective date of this order, to make, charge and collect the just and reasonable rates on electric service determined herein in substitution of those now in effect in Heppner and environs.

The schedules authorized herein are to be considered as maximum for the service stipulated, and nothing in this order shall be construed as preventing this utility from making any reduction in them at any time upon the proper publication and filing of tariffs, provided that such revisions will not result in unjust discrimination between individual consumers, communities, or classes of service.

This order shall become effective February 1, 1919, and the applicant shall publish and file in the manner prescribed by law and the rules of this Commission a tariff which shall carry out the intent and spirit of this order.

In the matter of the application of the HOME INDEPENDENT TELEPHONE COMPANY, OF LA GRANDE, OREGON, } No. U-F-222  
a corporation, to revise its present schedule of rates.

(ORDER ENTERED JANUARY 31, 1919—P. S. C. ORDER NO. 488)

The proceeding here before the Commission is upon the application of the Home Independent Telephone Company of La Grande, for authority to revise its rates for both local exchange and long distance telephone service throughout the territory served by it in Union and Wallowa counties. After due and legal notice had been given this matter came on for public hearing before the Commission on October 2, 1918, in the city of La Grande, and on October 4, 1918, in the city of Enterprise.

Prior to the date of hearing set for this case the property involved passed into the control of the Postmaster General for the United States Government. Inasmuch as the company, by general instruction issued by the Postmaster General, had authority to proceed with this pending rate case before the Commission, we are constrained to decide upon the application without regard to the present control of the property. In view of the probable early return to private operation, the Commission will consider the property as a unit designed and developed to meet the requirements and particular local conditions of the territory served by it and will not enter into any discussion or investigation whatsoever of any agreement which may have been proposed or entered into between the government and the company in connection with compensation to be received by the latter during the period of control.

*Appearances:*

For the Home Independent Telephone Company, Cochran & Eberhard, its attorneys; E. T. Busselle, engineer.

No appearances were entered by anyone representing the various communities served or the patrons of the company and no testimony was offered in opposition to the application.

The Home Independent Telephone Company is a corporation organized in January, 1907, and existing under and by virtue of the laws of the state of Oregon. Its principal place of business is in La Grande, Oregon, and it is normally engaged in the ownership, management, control and operation of a system of telephone equipment and circuits for the furnishing of a general public telephone and telegraph service in Union and Wallowa counties. In this occupation the applicant is a public utility subject to the jurisdiction of the Public Service Commission of Oregon and to the provisions of the public utility laws of this state.

The system operated by this company consists of principal central exchanges in La Grande, Union, Wallowa, Lostine, Enterprise and Joseph, with lines interconnecting these cities and the following communities: Perry, Island City, Alicel, Imbler, Summerville, Elgin, Hot Lake, Cove, Telocaset, Medical Springs, Minam, Wallowa Lake, Imnaha, Fruita and Flora. In addition the company serves extensive outlying sections by means of its rural lines and other lines owned and maintained by the farmers.

The property as it now exists is the culmination of consolidated plants originally developed by the Vergere Telephone Company, the immediate predecessor of the applicant, and by what is now The Pacific Telephone & Telegraph Company. The Vergere Telephone Company property was taken over upon the organization of this company in 1907 and in 1911 in order to extend its service and supply its patrons with long distance service the applicant purchased the local exchanges and connecting toll lines of The Pacific Telephone & Telegraph Company in Union and Wallowa counties.

The capital stock of this company consists of an authorization of \$100,000.00, common, of which on August 1, 1918, \$79,140.00 had been issued and was actually outstanding against the assets. \$37,500.00 was issued in exchange for the property of the Vergere Telephone Company. The remainder was issued for cash and services rendered including an amount slightly in excess of \$4,000.00, given as commissions for sale of stock. This last named item amounts to 5 per cent of the total issue. The actual value of the common stock above noted is not determinable from the record.

The funded debt of the applicant consists of first and refunding mortgage 5 per cent gold bonds issued April 1, 1911, and running for ten years. This indebtedness was authorized to the extent of \$125,000.00 and on August 1, 1918, \$105,000.00 was actually issued and outstanding. Cash was received for this issue with the exception of \$30,000.00 transferred to The Pacific Telephone & Telegraph Company as consideration for property purchased. Other indebtedness on that date consisted of notes and bills payable amounting to \$8,000.00.

Comparative income accounts have been extracted from the annual reports of the company and exhibits in this case. Statement including these accounts follows and shows for a period of years the general financial results of its operations.

COMPARATIVE INCOME STATEMENT  
HOME INDEPENDENT TELEPHONE COMPANY OF LA GRANDE

	Year Ended June 30, 1915	Year Ended Dec. 31, 1915	Year Ended June 30, 1916	Year Ended Dec. 31, 1916	Year Ended Dec. 31, 1917
<b>Telephone Operating Revenues—</b>					
Exchange service revenues .....	\$ 40,954.07	\$ 40,481.92	\$ 41,418.37	\$ 42,939.56	\$ 47,893.88
Toll service revenues .....	10,586.88	11,160.09	12,268.79	14,161.37	16,931.94
Miscellaneous operating revenues .....	306.95	474.25	2,675.40	1,181.05	914.12
	\$ 51,846.90	\$ 52,116.26	\$ 56,363.06	\$ 58,281.98	\$ 65,739.94
<b>Telephone Operating Expenses—</b>					
Maintenance .....	\$ 16,338.53	\$ 16,459.54	\$ 19,240.11	\$ 20,795.69	\$ 23,501.55
Traffic .....	10,156.59	10,796.78	10,842.40	11,362.95	13,544.22
Commercial .....	12,276.14	8,755.44	4,692.08	4,692.08	6,129.72
General and miscellaneous .....	38,671.26	4,013.71	11,395.37	4,102.03	4,424.23
	\$ 38,671.26	\$ 35,125.47	\$ 41,477.85	\$ 40,952.70	\$ 47,669.72
Total net operating revenues .....	13,175.64	16,990.79	14,885.18	17,329.28	18,070.22
Uncollectible operating revenues .....	\$ .....	\$ .....	\$ .....	\$ 142.66	\$ 707.47
Taxes assignable to operations .....	2,433.88	2,758.75	3,061.13	2,964.60	3,140.00
Operating income .....	\$ 10,736.76	\$ 14,232.04	\$ 11,824.05	\$ 14,222.02	\$ 14,222.75
<b>Deductions from Gross Income—</b>					
Rent deductions for telephone offices .....	.....	2,410.00	.....	2,364.00	2,389.00
Rent deductions for conduits, poles, etc. ....	.....	321.55	.....	381.78	334.05
Rent deductions for equipment .....	.....	336.01	.....	347.87	338.56
Interest deductions for funded debt .....	5,037.50	5,412.60	5,292.91	5,592.91	5,324.70
Other interest deductions .....	869.89	571.11	632.08	448.12	103.29
Amortization of debt discount and expense .....	.....	.....	.....	103.99	103.99
Net income transferred to P. & L. ....	\$ 4,789.37	\$ 5,080.87	\$ 5,899.06	\$ 4,983.35	\$ 5,631.16
	6%	6%	6%	6%	6%
Dividends paid on common stock .....	\$ 4,751.40	\$ 4,757.40	\$ 4,757.40	\$ 4,757.40	\$ 4,752.90

An analysis of monthly operating results and an estimate of expenses and revenues for 1918 based upon a consideration of eleven months of actual operation gives the following approximate income statement for that year:

## ESTIMATED INCOME ACCOUNTS, 1918

## HOME INDEPENDENT TELEPHONE COMPANY OF LA GRANDE

*Telephone Operating Revenues—*

Exchange service revenues .....	\$ 50,633.53
Toll service revenues .....	*15,212.70
Miscellaneous operating revenues .....	857.70
	<b>\$ 66,703.93</b>

*Telephone Operating Expenses—*

Maintenance expenses .....	\$ 21,750.00
Traffic expenses .....	16,025.00
Commercial expenses .....	6,100.00
General and miscellaneous .....	4,250.00
	<b>\$ 48,125.00</b>

Total net operating revenues ..... **\$ 18,578.93**

Uncollectable operating revenues .....	\$ 625.00
Taxes assignable to operations .....	3,420.00

Operating income ..... **\$ 14,533.93**

*Deductions from Gross Income—*

Rent deductions for telephone offices .....	\$ 2,300.00
Rent deductions for conduits, etc. ....	300.00
Rent deductions for equipment .....	305.00
Other deductions .....	† 1,000.00

Available for interest and dividends ..... **\$ 10,628.93**

Applicant submitted an estimate of expense for a twelve-month period based upon conditions existing as of August 1, 1918. This estimate including all operating expenditures, taxes, contributions and other miscellaneous items except depreciation totals \$55,901.16. Analysis of operations during the past two years and the testimony submitted indicate that expenditures during 1918 were curtailed somewhat by abnormal circumstances and that if regular requirements of the service are met during the coming year the expense will be materially increased over the actual 1918 figures. It is apparent that recent and contemplated wage increases for operators and other employees added to necessary resumption of normal maintenance work under prices not yet returned to normal level will demand increased outgo of money during coming months.

As a part of the expenses of the company and in accordance with the prescribed classification of accounts there has been included a charge for depreciation of plant and equipment. The reserve to which these charges have been concurrently credited and from which deductions are made from time to time on account of replacements and retirements of property has grown to considerable proportions. On August 1, 1918, it amounted to \$48,381.44, approximately 17.5 per cent of the estimated cost of reproduction of the depreciable portion of the property. The charges to expense for this item have been gradually increasing. In 1915 the figure was \$7,000.00; in 1916, \$12,250.00; in 1917, \$14,600.00, and in 1918, at the rate established during the first eleven months, \$12,600.00. Analysis shows that reduction of the reserve on account of credits for replacements, etc., has not been extensive during past years and it is natural that the rapid increase in the balance of the reserve naturally can not be expected to continue as more extensive reconstruction is required. All things considered, we believe that not more than \$12,500.00 per annum should be charged for depreciation on the capital installed as of August 1, 1918. While this amount is normal it may be too great or too small and its reasonableness can only be

\* Not including war tax on messages.

† Includes miscellaneous items and expenses not distributed until end of year.

judged after sufficient time has elapsed to definitely determine the requirements made upon the reserve after current minor repairs have been taken care of through other expense accounts than that for depreciation of plant and equipment.

The past year has seen a considerable decline in the regular development of the company's business. The increase in revenue, exclusive of message war taxes during the year 1917 was \$7,018.00, whereas in 1918 the increase resulting from an estimate based upon eleven months actual operation will be only \$1,404.00. The reduction has been due principally to conditions arising from war activities and the drain of men from this territory into service with the government. This abnormal restraint in the business can not be expected to continue for a great length of time after the country as a whole begins to settle back into normal peace time pursuits and development.

The total cost to reproduce the whole property used and useful in public service, in new and usable condition under normal circumstances, is found to have been on August 1, 1916, the sum of \$274,587.49 and the reproduction cost less accrued depreciation to have been \$231,369.92 as of the same date. Two lots held by the company in La Grande as the prospective site of an exchange office building have been excluded as nonoperating property. The company's estimate of reproduction cost on these lots was \$4,050.00 each. These figures include no allowances for additional value produced by the existence of a developed business attached to the property, nor has there yet been included any allowance for working capital, either in the form of material and supplies or cash, reasonably necessary to be held in readiness for the effective conduct of the business. These items will be considered in the value hereafter found for rate making purposes. The amount of depreciation accrued would indicate that the property has reached a condition of stability in so far as physical maintenance is concerned. The composite per cent condition of the entire system as indicated by the ratio of reproduction cost less depreciation and reproduction cost new is approximately 85 per cent. With a continuation of normal repair and addition this general condition might be reasonably expected to be fairly constant.

Since August 1, 1916, the investment in the system has been increased by the accumulation of net additions and betterments which have been drawn from the record and are also shown in a statement following herewith. Not included in the additions so shown is a parcel of land in the town of Wallowa used by the company as the site of its exchange office buildings. For financial reasons a mortgage on this land is held by one of the directors, although it is guaranteed by the company. This real estate has been added by the Commission to the findings of value to be shown further on in this decision at a value of \$2,500.00.

#### ADDITIONS AND BETTERMENTS

##### HOME INDEPENDENT TELEPHONE COMPANY OF LA GRANDE

August 1, 1916, to August 1, 1918

Account	Exchanges	Toll	Total
210 Land and buildings .....	\$ 3,832.85	\$.....	\$ 3,832.85
212 Buildings .....	281.85	.....	281.85
220 Central office .....	5,090.53	.....	5,090.53
230 Station equipment .....	5,436.61	32.41	5,469.02
241 Exchange pole lines .....	1,848.22	.....	1,848.22
242 Exchange aerial cable .....	919.04	.....	919.04
243 Exchange aerial wire .....	4,633.56	.....	4,633.56
244 Exchange underground conduit .....	147.64	.....	147.64
245 Exchange underground cable .....	136.50	.....	136.50
253 Toll aerial wire .....	.....	88.29	88.29
255 Toll U. G. cable .....	.....	14.82	14.82
260 General equipment .....	725.40	.....	725.40
261 Office furniture and fixtures .....	33.00	.....	33.00
270 Undist. const. expend. ....	842.50	.....	842.50
Total .....	\$23,847.80	\$ 135.52	\$23,983.32



No evidence is of record as to the value of the stock and bonds of the applicant nor is there evidence sufficient to determine the actual original cost of the property other than the reflection of the cost to present owners as shown by the balance sheet accounts.

In view of all findings hereinbefore set down and after consideration of all facts therein presented including the cost to present owners, the estimated reproduction cost new, the accrued depreciation, the general financial condition of the property and its existence as a whole with a well developed business attached and the possessor of working capital sufficient to permit the ready and efficient operation of the business, the Commission finds the fair value for rate making purposes of the property of the Home Independent Telephone Company of La Grande, used and reasonably necessary in the service of the public, was on August 1, 1918, the sum of \$286,587.95. Of the total rate base so determined \$103,249.29 is directly assignable to toll lines and \$183,340.66 to the local exchange division.

The present owners in this property have suffered no great loss on account of their investment. Some return has been realized on their actual outlay for several years and since June 30, 1913, dividends at the rate of 6 per cent per annum have been regularly paid upon the capital stock outstanding in addition to the interest accrued upon outstanding indebtedness. On the first day of August, 1918, there had also been accumulated a surplus of \$23,850.72.

For the year 1918 the operating income available for interest and dividends, estimated upon eleven months actual operations, is approximately 3.7 per cent upon the actual fair value or rate base hereinbefore determined.

The company did not submit its evidence in such manner as to show separately the operating results of the local exchange and toll divisions. However, with past results as a basis an analysis has been made of all accounts entering into the expense of both departments and conservative estimates thereon readily indicate that the toll line business at best barely meets the cost of its operation and that the low return on the whole property is due principally to the fact that from the long distance service revenue there is not available a fairly proportionate share of income to pay any considerable return upon the value properly assignable to it. Under the estimate so made the return for 1918 upon the exchange property alone is approximately  $5\frac{1}{4}$  per cent.

Conditions existing during 1918, especially in the latter part thereof, have caused material increases in expenses which have been partially met by the company by a close restriction of expenditures to the more essential work. The probable continuance of the existing high costs of labor and material for some time in the immediate future, together with the fact that in the maintenance of adequate service further restriction of some expenditures can not be accomplished, confronts the operators of this property with the necessity of obtaining more revenue if its credit is to be preserved in such manner as to enable it as an independent unit to meet readily the continuing and increasing demands from the public for adequate service. This applicant with all others must expect to share with its patrons the temporary burden of sacrifice imposed upon it by the developments accompanying the war preparations, which burdens of necessity may be expected to continue with only gradual diminution during the reconstruction period. It can not be expected of this company that it forego return to such an extent as to effectually restrain its ability to provide for the reasonable demands of the public in the development and extension of the project.

It is to be expected that rising expenses will be offset to some extent by increased revenue from both the exchange and toll services. Considering this and all other factors, it is our opinion that conditions existing during the present continuing stringency justify increases in rates for both departments. Such schedules will be authorized as in our judgment will sufficiently protect the interests of the public and the company for the present, and such as may be expected to yield, after the resumption of normal conditions, a reasonable return upon the property values involved.

In the proposed exchange schedules submitted with its application the company has in certain instances extended the classification of its service to include four-party business service lines and eight-party residence service lines. No testimony was offered in support of such classification in the particular cases and no reasons now appear to the Commission for departing from a standard classification excluding these two groups. Additional classes may be added to

those specified by the Commission, if necessary for the best development of the service or if any particular local conditions require them. Such additional rates may be made effective after approval by the Commission.

We believe that in some instances the exchange rates of the schedule advanced in the application of the company are higher than are necessary to retain the property in sound financial condition and produce for it, as its business resumes a normal rate of development, a fair return.

As already pointed out it has been found by analysis of the expenses during 1918 that the revenues from the applicant's toll business have not been sufficient to meet expenses, depreciation and taxes and produce an appreciable return upon the property value hereinbefore assigned to that business. We do not consider it a fair proposition to combine the entire system of the company, central exchanges and interconnecting lines as a unit, for the purpose of providing a return upon the total value thereof by an adjustment of rates in which the relative earnings of the two divisions are not separately taken into consideration. Undoubtedly it is advantageous for the entire community, including the local subscribers of the various exchanges, that the company shall develop a general and far-reaching telephone service over toll lines, but the direct benefit derived varies so widely with the use of the toll system by individuals that the cost of long distance service should we believe be borne primarily by the patrons making use of it. The exchange rates found reasonable and hereafter set out are not designed to carry the burden of less profitable long distance operations.

In our opinion it is impossible at this time to establish toll rates which will produce a fair return on the value of toll property, in addition to necessary expenses, depreciation and taxes, but it is imperative that such increases be authorized as will permit and induce a full development of long distance traffic, and at the same time provide reinforcement to the income from this portion of the applicant's operations.

\* \* \* \*

Following its own initiative in the question of charges for distance messages and telegraph service, the company submitted with its application a proposed schedule of rates based upon the direct air line mileage measurement between stations, or groups of stations in certain instances. Each station or group of stations, as it may be, is known as a block, the initial rate between any two such blocks being a 5-cent terminal charge plus  $\frac{1}{4}$  of a cent per mile of air line distance between the two. The period covered by the initial rate is the first two minutes or less of conversation and for each additional minute or fraction thereof, a rate is applied equivalent to 50 per cent of the initial rate. The exact effect of these rates upon the revenues of the company can not be shown, although it appears that a fair increase will result. The Commission will authorize the establishment of the toll and telegraph rates as submitted, and will retain jurisdiction to take further action if the schedules do not within a reasonable time produce desired results.

\* \* \* \*

In view of the entire record, the foregoing findings, and all facts pertinent to an equitable determination in this case, it is now found that the following rates, tolls, charges and regulations are just, reasonable and not unjustly discriminatory for the Home Independent Telephone Company to establish for the services specified:

## EXCHANGE SERVICE RATES

	* La Grande	† Island City	Enterprise	‡ Union, § Wallows, Lostine, Joseph	Innasha
<b>Business Service—</b>					\$
Individual line .....	\$4.00	\$5.50	\$3.50	\$3.00	.....
Two-party line .....	3.50	4.50	3.00	2.50	.....
Ten-party line—suburban—central selective signaling .....	3.25	.....	.....	.....	.....
Rural party line—line and equipment owned by company .....	2.50	.....	2.50	2.00	.....
Farmer line—equipment and line to city limits owned by subscribers .....	1.00	.....	1.00	.75	.50
Extensions—wall or desk type .....	1.00	1.00	1.00	1.00	.....
<b>Residence Service—</b>					
Individual line .....	2.75	.....	2.50	2.25	.....
Two-party line .....	2.25	2.75	2.00	1.75	.....
Four-party line .....	1.75	2.25	1.75	1.50	.....
Ten-party line—suburban—central selective signaling .....	2.25	.....	.....	.....	.....
Rural party line—line and equipment owned by company .....	2.00	.....	2.00	1.75	.....
Farmer line—equipment and line to city limits owned by subscribers .....	.60	.....	.60	.50	.25
Extensions—within same premises—without bell:					
Wall type .....	.50	.50	.50	.50	.....
Desk type .....	.75	.75	.75	.75	.....
Extensions—within same premises—with bells:					
Wall type .....	.65	.65	.65	.65	.....
Desk type .....	1.00	1.00	1.00	1.00	.....

Except where otherwise specified rates apply to wall type telephones only. If desk or portable type instruments are desired an additional charge of 25 cents per month will be added.

\* La Grande primary rate area includes communities or additions known as May Park and Fruitdale.

† Island City is suburban to La Grande Exchange.

‡ Lostine primary rate area includes village of Evans, commonly known as Lostine Railroad Station.

§ On the Innasha line—guaranteed toll station service will be installed at a rate of \$42.00 per year. Under this rate the subscribers will be allowed free use of this isolated section of line between line terminals only.

## SUPPLEMENTAL EXCHANGE RATE SCHEDULE

## Applying to All Exchanges

*Farmer Line Service—*

Where rate is quoted for service on farmer lines owned by the subscribers to the city limits, the company will furnish and maintain all necessary lines and equipment within the corporate limits of the city; the subscriber to furnish and maintain equipment and lines outside the corporate limits.

Where the subscribers own and maintain all equipment on any line to corporate limits a minimum charge will be applied equal to that for five (5) subscribers at the rate applicable to that line.

In any case where the subscriber owns and maintains a telephone instrument on lines owned and maintained by the company a rental of \$3.00 per year will be paid by the company for the use and maintenance of such equipment.

*Public Pay Station Service—*

All calls originating at prepayment public pay stations and intended for subscribers' stations within primary rate area:

Per call .....\$0.05

All calls originating at prepayment public pay stations and intended for subscribers stations on rural, suburban or farmers' lines of the same exchange but beyond the exchange area boundary:

Subscribers, per call .....\$0.05

Nonsubscribers, per call ..... 0.10

*Private Branch Exchange Service—*

## Business Commercial Unlimited

Regular switch board with power circuit and one operators' set.....\$5.00 per mo.

Cordless switchboard—maximum equipment for two trunks and four stations ..... 3.00 per mo.

Cordless switchboard—maximum equipment for three trunks and seven stations ..... 4.00 per mo.

First bothway trunk line—individual business line rate.

Each additional bothway trunk line—individual business line rate less 50 cents.

Each station, primary or extension ..... 1.00 per mo.

Each station without building will take regular mileage rate.

Contracts will not be accepted for less than two trunk lines and four stations, nor for a lesser period of time than three years.

A private branch exchange system shall not include more than one firm or individual. Each station shall be entitled to one listing in the directory.

## Hotel Unlimited Service

Switchboard with operator's set power circuit and not to exceed fifteen drops .....\$2.00 per mo.

Each additional group of five drops or fraction thereof ..... .20 per mo.

First bothway trunk line—individual business line rate.

Each additional bothway trunk line—individual business line rate less 50 cents.

Stations without guests' rooms, desk or wall .....\$1.00 per mo.

Stations within guests' rooms, "wall sets":

First 10, each ..... .50 per mo.

11 to 20, inclusive, each ..... .45 per mo.

21 to 35, inclusive, each ..... .40 per mo.

36 to 50, inclusive, each ..... .35 per mo.

51 and over, each ..... .25 per mo.

For desk set in place of wall set, add twenty-five cents per month per station.

Contracts will not be accepted for less than three years, or for less than two trunk lines and an additional trunk line over the first two is required for each additional twenty-five stations or fraction thereof, over the first fifty.

A private branch exchange system shall not include more than one firm or individual. Guests will be required to pay the extra listing rates for the directory listings.

## PRIVATE BRANCH INTERCOMMUNICATING

Receiving station, power circuit and first bothway trunk line .....	\$7.60 per mo.
Each additional bothway trunk—individual business line rate less 50 cents.	
Each station within building, desk or wall .....	1.25 per mo.
Each station without building, but located on same premises and at a distance not exceeding three hundred feet from receiving station .....	2.00 per mo.

Contracts will not be accepted for less than one receiving station and two auxiliary stations. If more than three auxiliaries are used, an additional trunk must also be used.

Contracts not taken for less than three years.

Subscribers to pay for all wiring between stations.

*Auxiliary Lines—*

Available in connection with individual business service at individual business line rate less 33  $\frac{1}{3}$  per cent.

*Miscellaneous Equipment—*

Special loud ringing extension bells, same premises .....	\$ .35 per mo.
Regular extension bells, same premises .....	.15 per mo.
Large sized bell with desk or portable sets, additional .....	.10 per mo.
Switch boxes—first one .....	.50 per mo.
Each additional one .....	.30 per mo.
Jack box and plug for desk or portable set—first one .....	.50 per mo.
Each additional one .....	.30 per mo.

## GENERAL RULES AND PRACTICES

Payment for service to be made in advance as follows:

Exchange service, monthly.

Suburban line service, quarterly.

Farmer line service (company owning all equipment), semi-annually.

Farmer line service (company owning all equipment except station apparatus), semi-annually.

Farmer line service (subscriber owning all equipment to incorporated limits), annually.

The subscriber shall pay monthly at schedule charges for all connections to points outside of territory contracted for, and shall be responsible for all charges for conversations from his telephone.

In all cases where the company connects with a line owned and maintained by the various subscribers upon that line, the company furnishing only central switching service and maintenance of the lines within the city limits, no instrument may be connected to such a line within the prescribed radius of the particular central office exchange area, except upon the same terms and conditions as all other subscribers within such radius pay for the same service. The company has the right, in every case, by refunding the unexpired amount of any advance payments already made for service on any such line, to cancel any agreement entered into for services upon or connecting with such a line, or to discontinue service where no written contract exists, at any time that any of the regulations of the company are broken by any subscriber attached to such a line or circuit or those claiming under any such subscriber.

*Special Restricted Lines—*

Two or more stations, in special locations, may, at the request of the subscriber, be connected to the same local circuit provided each station agrees to pay the individual line rate under the proper classification.

*"Joint User Service"—*

The rates herein are based upon the assumption that but one firm or family is to receive service for same. In case of a second party occupying the same premises as a joint user, 50 per cent of the rental fee is to be added, which will entitle both parties to exchange service and directory listings.

**Special Rate Discounts—****Lodges:**

Individual lines, 50 per cent reduction  
 Extension sets, 50 per cent reduction.

**Ministerial rates:**

Individual line, 25 cents reduction.  
 Two-party line, 25 cents reduction.  
 Four-party line, no reduction.

**Public school rates:**

Individual lines, 25 per cent reduction.  
 Refunded during summer vacation period.

**Directory listings:**

Each subscriber is entitled to one free listing in the directory under the directory rules applying to same.

Extra listings in directory will be supplied for 25 cents per month.

Business listings in directory are entitled to have full firm or individual name listed, but residence listing will be limited to individual names only, and a charge of twenty-five cents (25c) per month will be made when any business is specified under residence numbers with the exception of physicians and dentists who shall be entitled to the prefix "Dr." without additional cost.

The charge for extra listings begins as soon as the listing is entered, at the request of the applicant, in the records of our information operator, irrespective of the date of the issue of the directory.

**Vacation rates:**

Subscribers, who vacate premises for limited period exceeding one month, may retain the instruments and directory number by paying one-half their regular rate.

**Construction Limitations—**

The company will at its own expense make extension to provide telephone service, provided such extension requirements do not exceed the installation of six poles and a corresponding unit installation of wire, fixtures and other appurtenances. In the event the requirements exceed this amount, special arrangements will be made with the subscriber, and if it is found impossible to adjust any such case or cases, the matter will then be referred to the Public Service Commission of Oregon for adjudication.

**Miscellaneous Items—**

When extension service is required in a separate building, special arrangements will be made.

The extension service is intended only for the parties contracting for a regular service, and will not be furnished to third parties.

When a business and a residence occupy the same room or building, the subscriber is required to take the business rate.

**Exchange Primary Rate Area—**

Normally the city or corporate limits will be considered the boundaries of the various exchange primary rate areas unless otherwise specified.

**Service Connection and Change Charges—**

A service connection charge of two dollars and fifty cents (\$2.50) will be made for the establishment of service at any location, provided that where the instrumentalities necessary for the service to be rendered are already in place the charge will be only \$1.00.

Charge for change of instrumentalities will be made as follows:

- |  |        |
|--|--------|
| (1) Change of location on same premises.....   | \$1.00 |
| (2) Change of instruments from wall to desk or vice versa, unless application is made for a higher class of service..... | 1.00   |

**Prepayment Public Stations—**

The company will, provided sufficient importance attaches, install prepayment "coin collecting" pay station telephone in public places. Where such service is installed in a public place, and is directly or indirectly under the supervision of a

person, firm or corporation, then a commission equal to 20 per cent of all receipts collected by such "coin collecting" machine or other, for local exchange business originating at said public stations will be paid to the person, firm or corporation delegated as the company's agent; provided, that all slugs or other substitutes for coins of legal tender shall be considered as deducted from the amount due said agent; provided further, that where the business is sufficient to justify the installation of a telephone booth, the said installation will be made at the expense of the telephone company.

IT IS NOW ORDERED that the Home Independent Telephone Company of La Grande be and the same hereby is authorized to discontinue its present rates, tolls, charges and practices, in so far as they differ from those heretofore determined as just, reasonable and not unjustly discriminatory, and to substitute in lieu thereof the reasonable rates, tolls, charges and practices so determined.

The rates so fixed shall be maximum rates and nothing herein shall be construed as to prevent the company from reducing any rate or rates to enable it to most effectively develop the business, provided that in so doing it causes no unjust discrimination between individuals, classes of service or communities.

AND IT IS FURTHER ORDERED, that immediately upon its establishment of these rates the company shall prepare and file in this office, according to law and the rules of this Commission, a tariff in which shall be published the charges to be made by the company for its service and all rules and regulations pertaining thereto. A copy of this tariff, in so far as it relates to service in, from or to each exchange, shall be placed in each central exchange office and shall there be made readily available for the inspection of the patrons of the company or of whomsoever might desire such inspection.

The provisions of this order shall become effective for all service rendered on and after the first day of February, 1919.

In the matter of the application of the OREGON GAS & ELECTRIC COMPANY for authority to increase rates. } No. U-F-207

(ORDER ENTERED MARCH 25, 1919—P. S. C. ORDER NO. 496)

#### OPINION

This is an application brought by the Oregon Gas & Electric Company for authority to increase its rates charged for gas. The proceedings involve the fixing of just and reasonable rates for gas supplied in the cities of Roseburg, Grants Pass, Medford, Phoenix, Talent and Ashland.

On the twenty-first day of November, 1917, there was filed with this Commission by the Oregon Gas & Electric Company, a corporation of the state of Arizona, an application for an increase in rates for the furnishing of gas for heating, lighting and other purposes in the various southern Oregon towns served by it. Hearings were duly held in the matter on the second, third and fourth days of April, 1918, in the cities of Medford, Grants Pass and Roseburg, respectively, and on the twenty-fourth day of June, 1918, an order was entered fixing the rate-making value of the property involved, and granting an increase of 50 cents per thousand cubic feet over the rates then in effect. Such increase was made effective on the first day of July, 1918, to continue in effect for a period of six months from and after its effective date, unless a further extension should be granted by the Commission, upon the application of the utility involved.

On January 20, 1919, a second application was filed by this company, requesting a further increase in rates of 50 cents per thousand cubic feet, and alleging as a reason therefor that since the existing rates were made effective both the cost of oil and freight rates have increased to such an extent that it can no longer exist unless an increase is granted quickly.

The matter came regularly on for hearing upon this second application at Medford, Grants Pass and Roseburg, Oregon, on the sixth, seventh and eighth days of February, respectively, 1919, and considerable testimony was taken thereon.

Analysis of the company's costs of service show that there is a great burden in supplying, or rather being ready to supply, this service; i. e., to give a customer the first few cubic feet of gas. The rates heretofore effective, with

the partial exception of those not exceeding the minimum charge, have caused the consumers of the larger quantities of gas to carry this burden just mentioned. To have increased the cost of gas per thousand cubic feet as requested by the utility would throw that burden still more heavily upon the larger quantity consumer rather than to distribute it where it more properly belongs. On the other hand, the quantity consumer must pay for his large quantity certainly not less than the additional cost of producing such quantity. Both features just mentioned are incorporated in the rate later set forth herein.

This rate will not give the utility a compensatory return but will, we believe, tend to alleviate a critical situation pending a further readjustment of abnormal conditions, and we hope induce cooperation between the patrons and the company.

\* \* \*

From a full consideration of the testimony before us, we find that the temporary rates granted to become effective July 1, 1918, were not sufficient to pay operating expenses and are unreasonable and unjustly discriminatory, and that under the existing conditions the following rates are just, reasonable and not unjustly discriminatory:

First 200 cubic feet, or less, per month.....	\$1.05
Next 4,800 cubic feet, per month .....	\$2.10 per 1,000 cubic feet
All over 5,000 cubic feet, per month.....	1.75 per 1,000 cubic feet

A discount of five per cent (5%) on all bills will be allowed if paid within ten days of the date of the bill.

#### ORDER

Based upon the foregoing findings, and upon all the testimony submitted and proofs offered,

IT IS CONSIDERED, DETERMINED AND ORDERED that the applicant be and hereby is granted the right and privilege, from and after the effective date of this order, to make, charge, impose and collect the just, reasonable and not unjustly discriminatory rates as hereinbefore set forth.

This order shall become effective on the first day of April, 1919, for service rendered after that date, and within twenty days thereafter the applicant shall publish and file with the Commission, in the manner provided by law, a tariff, or a supplement to its present tariff, setting forth the rates herein prescribed, and shall thereafter do all the matters and things reasonably necessary for the carrying out of the spirit and intent of this order.

PROVIDED, HOWEVER, that the permission herein granted is of a temporary nature, and upon the expiration of a period of one year from and after the effective date hereof such right and authority shall cease to exist unless further extension shall be granted.

In the matter of the investigation of the rates, practices, )  
regulations and service of the GARDEN HOME WATER ) No. U-F-251  
WORKS. (Investigation on Commission's own motion.) )

(ORDER ENTERED APRIL 16, 1919—P. S. C. ORDER NO. 497)

This is a proceeding on the Commission's own motion for the purpose of investigating the rates, practices, regulations and service of the Garden Home Water Works, operated by Mr. C. N. Jager, at Garden Home, Oregon; and more particularly for the purpose of determining whether or not said Garden Home Water Works is a public utility as the same is defined by Chapter 279 of the Laws of Oregon for 1911, and if so whether or not the rates now being charged by said utility for water service are sufficient to enable it to continue to afford the class of service to which its patrons are entitled.

Pursuant to due notice to all interested parties, the matter came on regularly for hearing before the Commission at Garden Home, on Friday the fourteenth day of March, 1919, at the hour of nine o'clock a. m. At this time and place testimony was taken and interested parties were heard.

From the testimony taken it appears that during the early part of 1914 Mr. C. N. Jager installed in the unincorporated town of Garden Home a plant and equipment for the furnishing of water to such people of said locality as desired such service. This plant consisted of a well, pump, engine, storage tank and distribution mains, the latter of which were laid in the public highways



under a franchise from the county court of Washington county. Service was furnished through such system during March of 1914, but no charge was made for service until the following month when a flat rate of \$1.00 per month was put into effect, which flat rate charge has been maintained and is now in force. Subsequent to the establishment of this flat rate it was found that certain of the customers were wasting water and it was necessary that such customers be placed on a metered basis. These customers were required to purchase and install meters at their own expense.

The number of customers served by this concern during the five-year period which it has been in operation has ranged from approximately forty when the plant was first installed to approximately sixty-one at the present time, thirty-two of whom are metered, and twenty-nine of whom are unmetered.

The record further discloses that while Mr. Jager has never solicited business from anyone, he has served anyone and everyone who has applied for water service, and now holds himself out as ready and willing to do so. However, it is contended by Mr. Jager that his plant is not a public utility as the same is defined by the public utility act of this state.

The facts of the case were, subsequent to the hearing held, presented to the attorney general of the state of Oregon in substantially the language above set out, with a request that an opinion be given and the following questions, among others, answered:

"Is the Garden Home Water Works a public utility as the same is defined by the public utility act?"

to which the following reply was received:

"Section 1 of the public utility act provides that the term 'public utility,' as used therein shall embrace all corporations, individuals, etc., that may own, operate, manage or control any plant or equipment for the production, transmission, delivery or furnishing of water, either directly or indirectly to or for the public.

"From your letter, I assume that the term 'Garden Home Water Works' was adopted by Mr. Jager as the name under which he was to do business and that the said Garden Home Water Works is not a corporation. This, however, does not alter the situation for the reason that individuals, as well as corporations, are included within the term public utility. *Van Dyke v. Geary*, 244 U. S. 39.

"According to the information furnished me, the Garden Home Water Works has undertaken to furnish water to all persons within a given area who made application therefor and were willing to pay the rates prescribed for the service furnished. Although there appears to have been only approximately sixty consumers at the most, nevertheless I am of the opinion, from your statement of facts, that the property constituting the Garden Home Water Works has been devoted and is now being devoted to public use and that the Garden Home Water Works is a public utility as the same is defined by the public utility act."

From the facts above set out and the opinion of the attorney general thereon it would appear conclusively that the Garden Home Water Works is a public utility and subject to the provisions of Chapter 279 of the Laws of Oregon for 1911, and acts amendatory thereof and supplemental thereto.

The records available show that the revenues for the year ending April 5, 1918, were \$1,173.73, which amount is approximately 50 per cent above the average of the three years previous. A most conservative estimate of the operating expenses, including distillate, engine oil and repairs, and a nominal allowance for salary of the owner as operator and manager of the plant, is \$1,000.00 per year. This includes no allowance for depreciation or return upon the normal value of the property.

Although there was no final estimate of value submitted in evidence at the hearing herein, sufficient facts were produced to enable the Commission's engineer to later submit a report which shows that the historical reproduction cost new of the physical plant as of January 1, 1919, was \$7,790.00. The corresponding reproduction cost new less depreciation was found to be \$5,747.00.

The reproduction cost new less depreciation of the physical plant alone, as of this particular date, is not necessarily a fair basis for making rates to cover a period of years. The normal value of the plant in service should be used and also due allowance made for working capital and development cost in addition thereto. The Commission therefore, from a consideration of the foregoing facts and the entire record herein, finds the reasonable value for rate making purposes

only of the utility property of the Garden Home Water Works, used and useful in the public service on January 1, 1919, to be \$6,000.00.

Although having been in operation since 1914, this water utility must be considered as being still somewhat in the development stage. The plant has been extended over a more sparsely settled area than is generally served by the average water utility. The fixed charges per customer are consequently higher in this case than those ordinarily found. It is probable that, should an attempt be made at this time to obtain sufficient revenue to allow for depreciation and a full and adequate return on the investment, it would necessitate a rate which would exceed the value of the service to the consumer.

The customers' ledger of the utility shows that \$1.00 per month flat rate is charged for a single faucet alone, and also for houses equipped with several faucets, bath and toilet. A \$1.00 minimum is also charged metered customers for three thousand gallons, equal to four hundred cubic feet, which minimum is seldom exceeded except during the summer months by customers using all modern water fixtures. Certainly such customers are receiving a greater service than that being rendered to the flat rate customer having only a single faucet. Consequently the existing rates are very discriminatory in this regard.

We are also of the opinion that too great an allowance of water has been given for the minimum charge, which consequently creates but little inducement for the conservation of water, which would result in the saving of pumping costs and also well and tank capacity. The latter are critical features during the summer months.

It has been found that in the past the utility has required that all meters be owned and installed at the expense of the consumer. This practice is not ordinarily condoned or permitted by the Commission. However, where meters are generally used, established street grades and sidewalks offer the utility normal security for placing the meters in the street. Such conditions do not exist at Garden Home. Furthermore, this utility is now carrying the burden of an unusually large and unprofitable investment, and the requirement that it own all meters would simply be reflected in a higher rate than the one hereinafter prescribed. In view of these facts, and the fact that the installation of only a few more meters is necessary, the Commission will for the present permit the continuation of the previous requirement of meter ownership by the consumer.

This utility has heretofore had no definite rules and regulations governing the use of water, such as are ordinarily necessary for a water utility operation. A set of such rules will be suggested by the Commission, to be incorporated by the utility in its tariff.

From a full consideration of the foregoing facts, and of the entire record herein, the Commission makes the following findings:

1. That the Garden Home Water Works is a public utility, engaged in the ownership, operation, management and control of a plant and equipment for the furnishing of water in the state of Oregon, to and for the public, and that as such said Garden Home Water Works is subject to the provisions of Chapter 279, Laws of Oregon for the year 1911, and acts amendatory thereof, and supplemental thereto.

2. That the rates now charged by the Garden Home Water Works for water service at Garden Home, Oregon, are unjust, unreasonable and unjustly discriminatory.

3. That the following rates, while they are not expected at the present time to yield an amount equivalent to the necessary operating expenses, depreciation and taxes, and a fair return upon the value of the property, compare favorably with the rates charged generally throughout the state of Oregon under similar circumstances and conditions, and are just, reasonable and not unjustly discriminatory:

#### FLAT RATES

First faucet or fixture.....\$1.00 per month  
Additional faucets, each......10 per month

Note.—Under the foregoing heading are not included hot water faucets in set with cold water faucets at same location when the latter are counted. Faucets for stationary wash tubs in sets at the same location count as one faucet.

Baths, each ..... .25 per month  
Toilets, each ..... .50 per month

Note.—Above charges on the basis of one family. Additional families on same premises using same fixtures 50 per cent additional charge per family for fixtures jointly used.

**METER RATES**

For water delivered through meters of any size, per month.

First 300 cubic feet, or less.....	\$1.40
Excess over 300 cubic feet.....	.20 per 100 cu. ft.

Note.—Above charges on basis of one family.

For additional families on same premises and served through same meter 50 per cent increase in both minimum quantity and charge.

A flat rate customer may at his own option install, or the utility owner may require such customer to install, a meter, and meter rates shall thereafter be charged. Where meter is installed at the request of the utility owner the minimum bill shall not exceed the proper flat rate charge for service supplied through such meter.

Note.—The following consumption will be allowed under the foregoing provision:

<i>Old Flat Rate Charge</i>	<i>Consumption Allowed</i>
\$1.00.....	100 cu. ft.
Each 5c additional.....	25 cu. ft. additional

IT IS, THEREFORE, ORDERED that the Garden Home Water Works be required to conform to the requirements of the public utility act of the state of Oregon and to the rules and regulations of the Public Service Commission established in pursuance thereof.

IT IS FURTHER ORDERED that from and after the effective date hereof the respondent shall charge, impose and collect, in lieu of the rates and charges hereinbefore found to be unjust, unreasonable and unjustly discriminatory, the just, reasonable and not unjustly discriminatory rates hereinbefore set out.

This order shall become effective on the first day of May, 1919, and prior thereto the utility owner shall publish and file with the Commission, in the manner provided by law, a tariff setting forth the rates herein authorized.

In the matter of the application of the PACIFIC TELEPHONE AND TELEGRAPH COMPANY for increase in local exchange rates. } File U-F-243

(ORDER ENTERED MAY 1, 1919—P. S. C. OR. ORDER NO. 499)

This is a proceeding brought before this Commission for the purpose of increasing the local telephone exchange rates applicable on the lines of The Pacific Telephone and Telegraph Company within the state of Oregon.

**HISTORY OF THE CASE*****Control of Telephone Property by Postmaster General of United States***

At 12 o'clock midnight on the thirty-first day of July, 1918, possession, control and supervision of the facilities and property of The Pacific Telephone and Telegraph Company was assumed by the United States government pursuant to a joint resolution of the Sixty-fifth Congress, and by proclamation dated July 22, 1918, the President of the United States of America directed that the supervision, possession, control and operation of the properties should be exercised by and through the Postmaster General, Albert S. Burleson. Under his direction the operation of the property has since been continued by the same organization as was formerly maintained by the Pacific Company.

***Revised Rate Schedule Filed***

On the fourth day of November, 1918, there was presented to this Commission by certain officers of The Pacific Telephone and Telegraph Company a revised schedule of rates, designated as P. S. C. Or. No. 3, covering the local telephone exchange service over the lines of said company throughout the state of Oregon, and by which it was proposed to standardize all charges for such local exchange service and to effect a general increase over the rates then existing. Such revised schedule of rates was designed to become effective on the fifteenth day of November, 1918.

***Protest Entered***

On November 14, 1918, Mr. James T. Shaw, attorney, The Pacific Telephone and Telegraph Company, was advised by telegram as follows:

"This Commission does not recognize tariffs filed November 4, 1918, described as P. S. C. Or. No. 3, The Pacific Telephone and Telegraph Company, State of Oregon; Exchange Rate Schedule, as being of any force and effect. Consider old rates are and will continue in force."

And on the same day Hon. Geo. M. Brown, attorney general of the state of Oregon, was requested to take such action as he might deem necessary and proper to prevent The Pacific Telephone and Telegraph Company from imposing for its local exchange service in this state any charges in excess of those shown by the schedules on file with this Commission immediately prior to November 4, 1918.

*Order Issued Declaring Proposed Schedule of No Force or Effect.*

Under date of November 19, 1918, acting under the advice of the attorney general the Commission issued its Order No. 463, in the following words:

"It appearing to the Commission that on November 4, 1918, there was filed by The Pacific Telephone and Telegraph Company a schedule of increased rates and charges proposed by said company to be imposed upon and collected from its patrons for telephone service in the state of Oregon on and after November 15, 1918,

"And, it further appearing from a communication to this Commission from Charles H. Carey, attorney for The Pacific Telephone and Telegraph Company, that said rates so proposed are not intended to become effective otherwise than because of the authority of the Postmaster General of the United States, and that said proposed rate schedule can not become effective under or by virtue of the state statute, for the reason that no application has been made as provided by the public utility act of the state of Oregon, which communication states as follows:

"That the new rates which were filed by the company with the Public Service Commission on the fourth day of November, effective as of date, November 15, were so filed under direct authority of the Postmaster General of the United States who is operating the telephone lines. The company is merely the agent of the government in performing this duty. It is not the intention or the purpose of the company to claim that these rates become effective otherwise than because of the authority of the Postmaster General, or that they will be effective after the end of government control, unless under the authority of the Public Service Commission."

"Based upon the said communication and the public utility act, IT IS HEREBY ORDERED, that said schedule filed by The Pacific Telephone and Telegraph Company on November 4, 1918, be and the same are declared of no force and effect.

"IT IS FURTHER ORDERED, that the only exchange telephone rates of The Pacific Telephone and Telegraph Company in the state of Oregon at the present time under and by virtue of the public utility act are those shown on the schedules on file with the Commission prior to November 4, 1918."

*Communications from Postmaster General*

Numerous telegraphic communications concerning these proposed rates were exchanged between the Postmaster General and the Public Service Commission of Oregon, in which communications the Postmaster General was advised, among other things, of the requirements of the Oregon public utility act and the necessity for application to and order of approval from this Commission prior to placing in effect schedule of increased charges.

On the twenty-first day of November, 1918, this Commission received from the Postmaster General the following telegram:

"Washington, D. C., 12:53 a. m.

"November 21, 1918.

"Public Service Commission, Salem, Oregon.

"In October I was advised by the company that the employment situation in your territory was serious and particularly in Seattle, Portland and Tacoma was critical and on account of resignations from operating force, shortage and inexperience of new employees, the service had become very poor and subject to public criticism. A proposed rate schedule was at the same time submitted which was calculated to produce additional revenue just sufficient to meet about what was estimated to be the amount to cover absolutely necessary and just wage increases in your state. Assuming the correctness of these figures the company had my approval to the filing of the schedule with your Commission and under my order No. 1931, which schedule I was advised would become effective automatically in ten days unless a hearing was ordered by the Commission. Later I understood that this schedule had been filed with your Commission on November 4 to become effective November 15, and that no hearing had been ordered by the Commission. Thereupon on November 15 I directed that the rates be put into effect. I know nothing of the form in which the application was presented to you

nor of the letter to which you refer from Mr. Carey, but assumed that the proceedings before your Commission were regular and in accordance with my said order. I may add that compensation by the government for the use of this telephone property has been fixed by contract and the company has absolutely no interest in the increase in rates other than as agent of this department in seeing that the revenues are sufficient to meet the charges against the government and afford a fair wage to the operatives. Without at this time going into the question of the power of the Postmaster General to fix rates, I should be very glad to have your cooperation and to have you consider as regularly prepared, presented and filed before your Commission the schedule of increase in rates to which you refer in order that there may be no interruption in the service or loss to the government in operating the same and that the employees may not be deprived of the increase in wages already made.

"A. S. Burleson, Postmaster General."

Thereafter, and on, or about the twenty-sixth day of November, 1918, the following telegram was received from the Postmaster General:

"Answering your telegram without at this time going into the consideration of the power of the Postmaster General to fix rates or whether the term public utility in the state law you quote includes the government of the United States or its agents, I will be glad to avail myself of the civilities of the Commission and have you proceed with the consideration of the tariff filed for me by the company under the regular rules of the Commission. The necessities for early adjustment of rates to a schedule which will produce sufficient revenue to operate the telephone properties in your state under existing abnormal conditions without loss to the government is imperative and I again request your hearty cooperation and assistance."

#### **Hearings Held**

The matter was thereupon set down for hearing and investigation and notice thereof duly given to the Postmaster General, The Pacific Telephone and Telegraph Company, the various municipalities throughout the state, and to the public generally. Pursuant to such notice the case came on regularly for hearing before the Commission at its offices in the court house, Portland, Oregon, on Friday, the thirteenth day of December, 1918. An adjournment was taken on December 17, to be reconvened on five days' notice to the parties concerned. In pursuance of such adjournment the case came on for further hearing on February 24, 1919, upon which date another adjournment was taken until Monday, March 17, 1919, when the case was again reconvened in accordance with the adjournment taken. On Friday, March 21, the taking of testimony was completed, and the Commission ordered that the case be considered as submitted upon the expiration of seven days' time, allowed to the city of Portland and others opposing the new rate schedule, in which to file briefs. An extension of five days' time was later granted, at the expiration of which time the case was fully submitted.

At these various hearings the following appearances were entered:

For The Pacific Telephone and Telegraph Company, and A. S. Burleson, Postmaster General of the United States: James T. Shaw, attorney; Carey & Kerr, of counsel, and H. D. Pillsbury.

For the Public Service Commission of Oregon and the state of Oregon: J. O. Bailey, assistant attorney general.

For city of Portland: H. M. Tomlinson, deputy city attorney, and Edward M. Cousin, traffic examiner.

For State Chamber of Commerce of Oregon: John McCourt, of Veazie, McCourt & Veazie; and John L. Etheridge.

For Home Telephone and Telegraph Company of Portland: J. B. Middleton, secretary and manager; R. W. Montague, attorney, and R. H. Warfield.

For city of Eugene: O. H. Foster, city attorney.

For city of Corvallis: E. E. Wilson, city attorney.

For city of Albany: L. M. Curl, mayor, and Victor Olliver, city attorney.

For Coos County: John F. Hall, district attorney.

For Oregon City: George L. Story, city attorney.

For city of St. Helens: J. W. Day, city attorney.

For citizens of Columbia County: A. L. Morris.

For Commercial Association of Pendleton: C. K. Cranston, secretary.

For city of Astoria: J. Bremmer, its mayor, and Olof Andersen, city attorney.

For city of Salem: B. W. Macy, city attorney, and E. T. Busselle, engineer.  
For Salem Commercial Club: R. O. Snelling, director and delegate, and Isadore Greenbaum.

For city of Warrenton and town of Hammond: O. B. Setters, attorney.

For the city of The Dalles: Paul W Childers, attorney.

For International Brotherhood of Electrical Workers: L. P. Bennett, business representative, and C. W. Hurd, president of local No. 125.

For American Realty Company: H. Daniel, assistant secretary and manager.

### OPINION

#### *Regularity of Proceedings*

The question has been raised as to the regularity of the proceedings and especially as to the form of the application, which, in this case, consists largely of a series of telegrams and letters exchanged between the Postmaster General and the Commission. In this connection we quote section 77 of the public utility act:

"Except as in this act provided and unless the Commission shall otherwise order it shall be unlawful for any public utility within this state to demand, collect or receive a greater compensation for any service than the charge fixed on the lowest schedule of rates for the same service on the first day of January, 1911. Every public utility in this state shall within a time to be fixed by the Commission, file in the office of the Commission copies of all schedules of rates and charges, including joint rates, in force on the first day of January, 1911, and all rates in force at any time subsequent to said date. Any public utility desiring to advance or discontinue any such rate or rates may make application to the Commission in writing stating the advance in or discontinuance of the rate or rates desired, giving the reasons for such advance or discontinuance. Upon receiving such application the Commission shall fix a time and place for hearing and give such notice to interested parties as it shall deem proper and reasonable."

Nowhere in the act is it required that the application be in any particular form. It is merely provided that it shall be in writing and that it shall state the advance desired and the reason therefor. We believe the record herein is sufficient to fulfill this requirement.

Furthermore, section 75 of the act provides:

"A substantial compliance with the requirements of this act shall be sufficient to give effect to all the rules, orders, acts and regulations of the Commission, and they shall not be declared inoperative, illegal or void for any omission of a technical nature in respect thereto. The provisions of this act shall be liberally construed with a view to the public welfare, efficient facilities and substantial justice between patrons and public utilities."

In passing, the Commission can not better define what it conceives to be its duty in this matter than as set forth in the last sentence above quoted; i. e., to consider it "with a view to the public welfare, efficient facilities and substantial justice between patrons and public utilities."

While our rules of practice and procedure prescribe to some extent the form of applications to increase rates, section XXIII of such rules also provides that:

"These rules may be amended by the Commission at any time or in any matter or proceedings, either upon its own motion or application of any party whenever in the discretion of the Commission it seems desirable to do so, either for the more convenient dispatch of the business before it, or in order to secure the more prompt and efficient administration of justice."

And our rules were accordingly modified in this case as is evidenced by a telegram from this Commission to the Postmaster General under date of November 23, 1918.

#### *Elements of Applicant's Case*

The essential elements of the case presented by the applicant tending to support its claims are as follows:

1. A statement of revenues and expenses for the past five years, indicating a rate of return ranging from zero to 2 per cent.
2. A statement of increases in wages granted during the past year, including increases put into effect immediately prior to the hearing.
3. Evidence of large advances in the cost of materials.

4. An estimate of revenues and expenses, showing that under the existing rates the operations of the company for the coming year may reasonably be expected to result in actual deficit in operating income, leaving nothing for the payment of either interest or dividends.

5. The proposed schedule of rates, with estimates of the revenue to be anticipated, showing that it would not exceed a reasonable return.

#### *Investigation by Commission*

In conformity with the usual practice of the Commission a most complete and thorough investigation has been made in this case, and owing to the magnitude of the interests involved, namely, a large investment on one hand and some 80,000 subscribers on the other, considerable time has necessarily been consumed.

The accounts of this company are kept in accordance with the uniform classification of accounts prescribed by the Interstate Commerce Commission and adopted by this Commission, the rules of which accounting system are rigid and set forth in detail the methods and practices to be followed, thus making practically impossible various practices which have been the source of much evil in the past. These accounts were subjected to careful and extensive tests by a corps of expert accountants employed by the Commission, the result of which was to establish the substantial accuracy thereof.

Revenue accounts were carefully checked, and a complete statement obtained of the subscribers of every class in each exchange, from which the revenues obtainable at various rates were estimated. Studies were also made of the growth of the plant, of the charges against the depreciation reserve, the relations of the Pacific Company to the American Telephone and Telegraph Company, as well as the Western Electric Company, and analyses made of the cost of service and materials. The company's organization and overhead expenses have received careful attention and their methods of dealing with the public have been scrutinized.

#### *Organization*

The Pacific Telephone and Telegraph Company is a corporation of the state of California, organized December 31, 1906, and is the owner of a system of telephone exchanges and inter-connecting lines extending throughout the states of Oregon, Washington, California and in parts of Idaho. On December 31, 1918, it had 640 central offices and 573,864 telephone stations, of which 83 central offices and 85,328 stations were in the state of Oregon, these being 13 per cent and 15 per cent of the respective system totals above noted. The main office of the company is in San Francisco, California, and headquarters for the northern division, of which Oregon is a part, are maintained in the city of Portland. Since July 31, 1918, the property has been operated by the company under the control of the Postmaster General of the United States, as heretofore discussed.

The Pacific Company is controlled directly by The American Telephone and Telegraph Company through the ownership of approximately 70 per cent of both common and preferred stock, and by reason of such control is operated as a unit of the so-called "Bell" system, which extends throughout the United States.

#### *Depreciation and Value*

Objection is so often raised to the inclusion of depreciation as an operating expense that a brief discussion of the principle may be desirable.

Depreciation has been the subject of much unnecessary confusion. The fact that property wastes away under use and finally becomes valueless is readily grasped. The relation of this fact to public utility regulation is not so easily understood.

It is evident that if money be invested in plant and machinery for the purpose of serving the public, the investor must receive through the medium of rates collected from the public:

1. Operating expenses;
2. Such an amount annually for depreciation as will repay him his capital when the plant is worn out;
3. A reasonable return to cover interest and profit.

Without the first two no utility can long remain solvent; without the third no one will continue to invest in public service.

The principle of depreciation accounting may be most easily understood by a simple illustration: The owner of a steam plant finds it economical to buy a five years' supply of fuel. The expenditure is charged to capital account under the head of stores and supplies. If, now, he uses up this fuel and continues to carry the cost as capital, his assets will be made to appear larger and his expenses smaller than they really are, so that he may be made to believe that his business is making a profit while it is actually running at a loss. His proper course is to make a charge to monthly expenses for the fuel consumed and reduce his capital account accordingly.

Substitute a machine for a coal pile and the principle is still the same. By proper maintenance the machine will furnish good service for a given number of years. At the end of that time its working value has disappeared and it is good only for junk. Although not apparent to the eye, a proportionate amount of its value disappears each year and must be charged to operating expenses if the account books of the concern are to give a correct indication of the condition of the business. At the same time that the expenses are charged with the allowance for depreciation, the remaining investment is lessened by the same amount and a corresponding reduction must be made in the capital account. Depreciation accounting is simply a transfer from capital account to expense account in proportion as plant is used up in operation. It is an accounting for money already spent, not a provision for money to be spent in the future. It is in accordance with natural processes. The actual capital is reduced by the wasting away of plant under use. The capital shown in the books is reduced each year by the estimated amount lost in value of plant. Failure to recognize this annual wastage of capital results in a fictitious showing of net earnings which may deceive the owner or be used by him to deceive the public in the sale of securities.

The using up, or depreciation of plant, differs from the using up of stores and supplies only in the fact that its extent can not be exactly determined as it progresses. When a machine goes out of service its depreciation is complete, but the annual charge to be made to operating expenses in the anticipation of that event can only be estimated and may be found subject to change from year to year.

Depreciation can not be measured by loss of efficiency. It is only when depreciation is almost complete that efficiency begins to be affected. A bridge which is ten years old is carrying trains with perfect safety today, yet next year it may be necessary to replace it. Its depreciation is therefore nearly complete, yet its efficiency still stands at a hundred per cent. When nine-tenths of the life of a machine is gone it may still be doing as good work as when new, but when it has lost one-tenth of its efficiency it will probably be scrapped as too expensive to operate.

In accounting practice the amounts annually charged off for depreciation are entered in an account which is unfortunately termed "reserve." To the public mind this conveys the idea of a fund held in readiness for some specific use, but in accounting parlance it means the very opposite of a fund, being in fact a liability. The "depreciation reserve" is a debt against the capital account, representing the amount by which the true capital has been reduced through loss of value in the plant. The question, "What becomes of the money charged for depreciation?" is answered by the statement that it has been returned to the owners and that they are no longer entitled to either profit or interest upon it.

In all that has been said thus far it has been assumed that the amount of annual depreciation will be calculated by what is technically known as the "straight line" method. The cost of the item of plant is divided by the number of years it is expected to continue in service and the quotient is taken as the amount to be added to the operating expenses as depreciation and subtracted from the capital to obtain the remaining fair value on which the owner's fair return is based.

Another plan is often followed in which the annual depreciation is calculated by the "sinking fund" method. It is assumed that the annual allowances for depreciation are not repayments to the owner of portions of his capital with which he may do as he pleases, but that these payments remain the property of the rate payers and are merely loaned to the owner. He is required to credit the accumulated amounts each year with earnings at some rate arbitrarily fixed, or, better, at a rate equal to that earned by the investment in the utility. At the time of retirement of the plant on account of which the annual allowances are made, the sum of these allowances together with their accumulated earnings



is expected to equal the cost of the plant. This amount then becomes the property of the owner and his capital is, in theory, correspondingly reduced, but in actual practice this returned capital is immediately used in replacing the plant which has been retired, and the total capital remains unchanged. The owner being deprived of any benefit from the earnings of the amounts paid him for depreciation can not be considered to have had any part of his capital returned but is entitled to receive a return on the full amount of his investment or on "100 per cent value."

It is obvious that by this method the annual allowance for depreciation will be less than by the straight line, for the same sum is reached in the one case with earnings added as in the other without. On the other hand the annual return to which the owner is entitled, being calculated on the full amount of the investment, will be greater than if based upon the same investment less the accrued depreciation. If earnings are credited to the depreciation allowances at the same rate as earned by the plant, which is the only just rule, the sum of the amounts calculated for depreciation and for the return will be the same as though both were computed by the straight line method. What is lost to the owner in depreciation is gained by him in return, or vice versa. In other words, these two methods are but different means of arriving at the same end. Each has its advantages, but either, if properly applied, will produce the same result to investor and rate payer.

In the valuation of the property of the Pacific Telephone Company, Order No. 264, under date of October 4, 1917, the Commission established an undepreciated value. It follows that the annual depreciation must be computed by the sinking fund method. The effect on rates, as already pointed out, is the same under this treatment as it would be if a depreciated valuation were used, with annual depreciation computed by the straight line method. The Commission's engineer in his exhibit styled "Public Service Commission Exhibit 33," has assumed that the Commission's valuation of December 31, 1916, was the depreciated value, which could properly be used with an allowance in operating expenses for depreciation on the straight line basis. The estimated accruing depreciation since that date to June 30, 1919, has been deducted from the company's rate base figure to obtain what he has designated as fair value, June 30, 1919. The Commission in considering this exhibit is unwilling to accept this latter figure for the reason that the value as of December 31, 1916, had not been diminished by accrued depreciation in the manner by which Mr. Newell had diminished the applicant's rate base to obtain his fair value figure. Although favorably impressed with its engineer's theory, the Commission prefers to proceed on the basis originally adopted.

The company in the statements presented in this case calculates depreciation by the straight line and return on an undepreciated valuation, in each case claiming the highest amount possible. There is hereinafter presented an income statement in which this error is corrected, the annual depreciation being calculated for each year on the assumption of a sinking fund earning a rate equal to the rate earned for that year by the entire investment.

The object of depreciation accounting is that the books may correctly indicate the concern's profits and resources and, in the case of a public utility, that it may justify the inclusion in the rates of sufficient amounts annually to repay the cost of the plant during its life. The United States supreme court in the Knoxville water case held that where the owners of a utility have neglected to provide in their rates for repayment to themselves of the cost of their plant while it is still in use, they can not hope to do so at the expense of the customers at a later period.

#### *Rate of Depreciation*

For the purpose of calculating the annual allowance to be made for depreciation the company has prepared a table made up from observations of the duration of specific portions of plant. The expected life, the salvage value and consequent percentage of annual depreciation by the straight line method have been determined by averaging these observations. The Commission's engineers have followed a somewhat different method. The yearly increase of plant under each of the prescribed accounts can be estimated with reasonable accuracy as far back as 1890. The system was actually begun in 1882, but as the early investment was insignificant it has been treated as having begun in 1890 with the amount of plant then existing. Since 1909 records have been kept of all retirements made on account of depreciation. These records are for the entire

system and not for the state of Oregon separately so that all figures herein given are for the Pacific Company's entire plant. It is a fair assumption, however, that rates of depreciation for Oregon are the same as for California and Washington.

By way of illustration the treatment of one account is shown in the following tables. The company's estimate of the life of central office equipment is nine years and of salvage 20 per cent. In the first table "Central Office Equipment on the Company's Basis," the second column shows the annual net increase of plant. On the assumption of a nine-year life the plant which was new in 1890 would be retired in 1899 and replaced with an equal amount. The total new plant put in during that year was \$86,000 plus \$153,500 net increase. Both of these amounts would require replacement in 1908 and with the addition of \$604,000 in that year would make a total installed of \$843,500.

The total plant installed each year is given in the fifth column, being \$172,100 for the year 1900. The depreciation of this year's installation would be realized in 1909, and after deducting 20 per cent for salvage would amount to \$137,600. The actual amount realized was \$224,100. Similar computations are made of the calculated and the actual realized depreciation down to 1918. Comparison can not be made for the years prior to 1909 as no records were kept of the actual retirements. The total realized depreciation from 1909 to 1918 as calculated was \$4,729,700, and as actually realized \$3,475,900. From this discrepancy it is apparent that the life is greater than nine years.

The second table, "Central Office Equipment on corrected basis," makes a similar set of calculations on a life of eleven years and 20 per cent salvage. The agreement between the calculated and the actual figures for each year and between the sums of those respective amounts is so close as to justify the conclusion that the normal life of central office equipment, as found in this company's plant, is eleven years.

CENTRAL OFFICE EQUIPMENT—ON COMPANY BASIS  
Life, 9 Years; Salvage, 20 Per Cent

Year	Net Increase of Plant	Replacements	Second Replacements	Total Installed	Realized Depreciation	
					Year	Actual
1890.....	\$ 86,000				1899.....	\$ 137,800
1891.....	18,600				1910.....	438,600
1892.....	18,600				1911.....	438,600
1893.....	18,600				1912.....	438,600
1894.....	18,600				1913.....	438,600
1895.....	18,600				1914.....	546,800
1896.....	153,500				1915.....	546,800
1897.....	153,500				1916.....	546,800
1898.....	153,500				1917.....	674,800
1899.....	153,500	\$ 86,000		\$172,100	1918.....	522,500
1900.....	530,000	18,600		548,600	Totals ....	\$4,729,700
1901.....	530,000	18,600		548,600		\$3,475,900
1902.....	530,000	18,600		548,600		
1903.....	530,000	18,600		548,600		
1904.....	530,000	18,600		548,600		
1905.....	530,000	18,600		548,600		
1906.....	530,000	18,600		548,600		
1907.....	530,000	18,600		548,600		
1908.....	604,000	18,600		622,600		
1909.....	481,000	18,600		499,600		

**CENTRAL OFFICE EQUIPMENT—ON CORRECTED BASIS**  
**Life, 11 Years; Salvage, 20 Per Cent**

Year	Net Increase of Plant	Replacements	Total Installed	Realized Depreciation	
				Year	Actual
1890	\$ 86,000				
1891	18,600				
1892	18,600				
1893	18,600				
1894	18,600				
1895	18,600				
1896	153,500				
1897	153,500				
1898	153,500		\$153,500		
1899	153,500		153,500	1899	\$ 122,800
1900	153,500		153,500	1910	122,800
1901	530,000		616,000	1911	122,800
1902	530,000	86,000	616,000	1912	492,800
1903	530,000	18,600	548,600	1913	438,900
1904	530,000	18,600	548,600	1914	438,900
1905	530,000	18,600	548,600	1915	438,900
1906	530,000	18,600	548,600	1916	438,900
1907	530,000	153,500	683,500	1917	438,900
				1918	546,800
<b>Totals</b>				<b>Totals</b>	<b>\$3,602,500</b>
					<b>\$3,475,900</b>

By computations similar to that for central office equipment the Commission's engineers have determined the life periods for exchange and toll aerial cable and aerial wire, exchange underground cable, and exchange and toll pole lines. The remainder of the plant consists of items which are either insignificant in amount or of too long life for the records to be of use in determining the proper periods. We have therefore accepted the company's figures for these. The following tables show both estimates:

COMPANY'S LIFE TABLE

ITEM	Years Life	Salvage	Straight Line Rate of Depreciation
Buildings .....	20	40.0%	3.0%
Central office equipment .....	8½	20.0	9.4
Station equipment .....	.....	.....	5.6
Exchange pole lines .....	9	10.4	10.0
Exchange aerial cable .....	10	31.4	6.9
Exchange aerial wire .....	8	22.3	9.5
Exchange underground conduits .....	28	.....	3.6
Exchange underground cable .....	15	32.0	4.6
Exchange submarine cable .....	9	10.0	10.0
Toll pole lines .....	15	2.3	6.5
Toll aerial cable .....	12	31.4	5.7
Toll aerial wire .....	26	22.3	3.0
Toll underground conduits .....	28	.....	3.6
Toll underground cable .....	12	40.0	5.0
Toll submarine cable .....	9	10.0	10.0
Office furniture and fixtures .....	9	18.6	9.0
Interest during construction .....	16	.....	6.4

COMMISSION'S LIFE TABLE

ITEM	Years Life	Salvage	Straight Line Rate of Depreciation
Buildings .....	20	40.0%	3.0%
Central office equipment .....	11	20.0	7.3
Station equipment .....	.....	.....	5.6
Exchange pole lines .....	8	10.4	11.2
Exchange aerial cable .....	14	31.4	4.9
Exchange aerial wire .....	11	22.3	7.0
Exchange underground conduits .....	28	.....	5.6
Exchange underground cable .....	17	32.0	4.0
Exchange submarine cable .....	9	10.0	10.0
Toll pole lines .....	14	2.3	7.0
Toll aerial cable .....	14	31.4	4.9
Toll aerial wire .....	26	22.3	3.0
Toll underground conduits .....	28	.....	5.6
Toll underground cable .....	12	40.0	5.0
Toll submarine cable .....	9	10.0	10.0
Office furniture and fixtures .....	9	18.6	9.0
Interest during construction .....	.....	.....	5.6

The average of these percentages, as applied to the company's property in 1918, is 5.6 per cent of the depreciable property, including salvage. The percentage by the sinking fund method varies according to the rate of net earnings of each year, but is based on the composite life found by the straight line.

The Commission has found itself handicapped in this investigation by the fact that no separate record has been kept of charges to the depreciation reserve for fixed capital retired in Oregon.

The requirement is therefore made that its proper portion of the existing depreciation reserve is segregated to the state of Oregon in a separate account and that hereafter this reserve account for Oregon shall be so kept and reported as to show all details as now and heretofore shown for the entire property.

*Wage Advances*

The principal argument offered by the company in justification of the request for an increase in rates is the general advance in wages made necessary by war conditions. The labor cost of telephone service constitutes from 55 per cent to 60 per cent of all expenses, and if depreciation, which is dependent on original cost and, therefore, varies but slightly with changing conditions, be omitted, labor then amounts to about 70 per cent of the whole.

Increases in wages have been made at intervals during 1917 and 1918, and are still continuing, there being now pending a request on the part of the electrical workers for an increase ranging from 50 cents to \$1.00 per day. A complete analysis was made of the company's payrolls for two periods in 1917 and two in 1918. A summary of the results is shown in the following table:

**THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY  
ANALYSIS OF PAYROLLS**

PERIOD	Men	Actual Work Days	Amount of Payroll	Average Per Day	Per Cent of Increase
<i>Traffic Department:</i>					
November 16-30, 1918 .....	1557	13910	\$35,877.60	\$2.58	....
September 1-15, 1918 .....	1350	14113	28,188.98	2.00	....
September 1-15, 1917 .....	1282	14018	23,828.13	1.70	....
April 16-30, 1917 .....	1247	14145	21,970.50	1.56	....
Nov., 1918, over Sept., 1918.....	.....	.....	.....	.....	29
Nov., 1918, over Sept., 1917.....	.....	.....	.....	.....	52
Nov., 1918, over April, 1917.....	.....	.....	.....	.....	66
<i>Plant Department:</i>					
November 16-30, 1918 .....	452	5849	21,262.40	3.64	....
September 1-15, 1918 .....	446	5861	21,480.05	3.66	....
September 1-15, 1917 .....	595	7330	23,313.30	3.18	....
April 16-30, 1917 .....	607	7855	24,844.85	3.16	....
Nov., 1918, over Sept., 1918.....	.....	.....	.....	.....	14
Nov., 1918, over Sept., 1917.....	.....	.....	.....	.....	15
Nov., 1918, over April, 1917.....	.....	.....	.....	.....	15
<i>Commercial Department:</i>					
November 16-30, 1918 .....	211	2395	7,395.84	3.09	....
September 1-15, 1918 .....	179	2544	6,740.86	2.65	....
September 1-15, 1917 .....	186	2612	6,448.45	2.47	....
April 16-30, 1917 .....	187	2919	6,664.75	2.28	....
Nov., 1918, over Sept., 1918.....	.....	.....	.....	.....	17
Nov., 1918, over Sept., 1917.....	.....	.....	.....	.....	39
Nov., 1918, over April, 1917.....	.....	.....	.....	.....	35
<i>Totals:</i>					
November 16-30, 1918 .....	2220	22154	64,535.84	2.92	....
September 1-15, 1918 .....	1975	22518	56,409.89	2.51	....
September 1-15, 1917 .....	2063	23960	53,589.88	2.24	....
April 16-30, 1917 .....	2041	24919	53,480.10	2.15	....
Nov., 1918, over Sept., 1918.....	.....	.....	.....	.....	16
Nov., 1918, over Sept., 1917.....	.....	.....	.....	.....	30
Nov., 1918, over April, 1917.....	.....	.....	.....	.....	36
Nov., 1918, over year 1917.....	.....	.....	.....	.....	33
				Per Cent of 1917	Per Cent of 1918
Average wages 1917 .....			\$2.19	.....	.....
Average wages 1918 .....			2.61	119	100
Average wages 1919 .....			2.92	133	112

Concerning the wages of operators, we quote from our Order No. 472, relative to service conditions on the lines of the Pacific Company, issued on the twenty-fifth day of November, 1918:

"The Commission is of the opinion that increased wages will alleviate the seriousness of the present situation and believes the changes in the scale as outlined by the company may accomplish the desired end. That the wages now paid to the operators of the company are inadequate and should be immediately increased there is no dispute."

Pursuant to this recommendation the scale of wages then under consideration was made effective as of October 16, 1918, and as shown by the table the increase at that time was 12 per cent. The wages at the present time are higher than the average for 1917 by 33 per cent.

The application of these rates of pay to the force which it is estimated will be required during 1919 will cause the expenditure of approximately \$500,000.00 more in wages than if the schedule of 1917 had continued to prevail.

#### *Income*

The appended statement shows the revenues and expenses and net income of the utility for the past five years. An allowance for maintenance of instruments has been added to the expenses as reported, depreciation has been calculated on the plant, including instruments, by the sinking fund method, using as the interest rate the percentage of return earned by the utility for the year, and license revenue has been calculated at \$0.55 per company station.

## COMPARATIVE INCOME STATEMENT OF THE PACIFIC TELEPHONE &amp; TELEGRAPH COMPANY FOR OREGON

	YEAR ENDED				
	June 30, 1914	June 30, 1915	Dec. 31, 1916	Dec. 31, 1917	Dec. 31, 1918
Exchange service revenue.....	\$ 1,604,849.00	\$ 1,654,794.00	\$ 1,766,706.00	\$ 1,894,806.00	\$ 2,080,026.00
Toll service revenue.....	535,557.00	508,526.00	551,873.00	714,638.00	795,059.00
Other miscellaneous operating revenue.....	44,409.00	46,298.00	47,965.00	52,210.00	54,072.00
Licenses revenue—Dr.....	31,448.00	32,810.00	35,821.00	38,706.00	41,654.00
Grand total—operating revenue.....	\$ 2,153,367.00	\$ 2,176,736.00	\$ 2,330,723.00	\$ 2,622,948.00	\$ 2,887,503.00
Depreciation—plant and equipment.....	\$ 338,428.00	\$ 401,941.00	\$ 416,910.00	\$ 444,272.00	\$ 453,608.00
Other maintenance expense.....	361,466.00	347,973.00	376,139.00	480,004.00	476,359.00
Traffic expense.....	474,666.00	600,519.00	543,003.00	730,300.00	870,030.00
Commercial expenses.....	227,593.00	247,397.00	270,593.00	288,269.00	237,734.00
General and miscellaneous expenses.....	53,930.00	121,467.00	87,554.00	89,705.00	94,621.00
Grand total—operating expenses.....	\$ 1,457,289.00	\$ 1,619,303.00	\$ 1,694,199.00	\$ 2,032,550.00	\$ 2,192,352.00
Net operating revenue.....	\$ 696,078.00	\$ 557,433.00	\$ 636,524.00	\$ 590,398.00	\$ 695,151.00
Uncollectible operating revenue.....	\$ 21,765.00	\$ 23,454.00	\$ 15,948.00	\$ 12,276.00	\$ 15,568.00
Taxes assignable to operations.....	108,818.00	123,251.00	100,592.00	113,996.00	161,152.00
Operating income.....	\$ 565,495.00	\$ 410,728.00	\$ 519,984.00	\$ 464,126.00	\$ 518,431.00
Rent deductions for telephone office and plant.....	33,735.00	26,269.00	28,472.00	31,735.00	45,548.00
Rent revenues—miscellaneous.....	2,981.00	1,355.00	1,622.00	1,704.00	1,890.00
Net income.....	\$ 534,741.00	\$ 385,814.00	\$ 493,134.00	\$ 434,095.00	\$ 474,773.00
Mean fair value for year.....	\$10,800,569.00	\$11,674,278.00	\$12,542,284.00	\$12,429,507.00	\$12,752,305.00
Per cent return.....	4.95	3.31	3.93	3.50	3.72



It will be noted that the net revenue for 1918 is slightly greater than that for 1917 in spite of the fact that wages for the year averaged nearly 20 per cent higher. Deductions from the records for 1918 are to be accepted with caution because of the effort made to hold down expenditures of every kind during the war. For instance, while the number of telephones in 1918 increased  $7\frac{1}{2}$  per cent over the previous year, the traffic department handled the business with the same force. The unsatisfactory service already referred to probably resulted in part from this cause. On the other hand, the plant department, while paying 15 per cent higher wages, actually spent less for maintenance than the previous year, and it has been testified by company officials that the plant has been kept in first class condition. Undoubtedly there has been greater efficiency and economy under pressure of necessity.

In the following estimate of income for 1919 the allowance for expenses is based on consideration of the cost of operation in both 1917 and 1918, with both wages and prices remaining as at present, while it is assumed that traffic will increase 6 per cent.

#### INCOME STATEMENT FOR 1919 AT EXISTING RATES

Exchange revenues .....	\$2,205,000.00
Toll revenues .....	840,000.00
Miscellaneous revenues .....	60,000.00
Licensee revenue—Dr. ....	44,000.00
	<b>\$3,061,000.00</b>
Depreciation .....	\$ 571,500.00
Maintenance expense .....	560,000.00
Traffic expense .....	1,190,000.00
Commercial expense .....	300,000.00
General and miscellaneous expense .....	95,000.00
Total operating expense .....	<b>\$2,716,500.00</b>
Net operating revenue .....	<b>344,500.00</b>
Uncollectible .....	\$ 17,000.00
Taxes .....	162,000.00
Operating income .....	<b>\$ 165,500.00</b>
Rent deductions .....	40,000.00
Net income .....	<b>\$ 125,500.00</b>
Fair value .....	<b>\$13,282,378.00</b>
Return .....	<b>0.95%</b>

#### Relation to Western Electric Company

The Pacific Company is required by the controlling corporation, the American Telephone & Telegraph Company, to buy all materials and supplies from the Western Electric Company, which is the manufacturing subsidiary of the American Company. About one-half of the materials used are manufactured by the Western Electric Company, and for the remainder it acts as purchasing agent, charging for its services various percentages to cover commissions, storage and accounting. These latter charges do not appear in themselves excessive. The goods manufactured are furnished on the basis of the cost of manufacture plus storage and handling charges and fixed percentages of profit.

These arrangements make possible great economies in the furnishing of supplies, in view of the fact that the same standards of quality are thus maintained by the Bell System throughout the United States, the necessary reserve stocks are reduced much below what would be necessary if each company had to maintain its own, and with the needs of all the subsidiary companies estimated in advance, manufacturing and purchasing operations are regulated accordingly.

The magnitude of the operations of the American Company in the function of a nation-wide utility demands that, for greatest efficiency of service, it must maintain such a department for the purchase, manufacture and distribution of materials and equipment. The advantage to the American Company is obvious, but that this advantage is shared by the subsidiary companies and their patrons is not so clear. The reasonableness of the charges made by the Western Electric Company for goods of its own manufacture can be determined only by investigation of all its operations, tracing the goods from the factory to the consumer, and determining the cost of each step. This examination would necessarily include

all goods manufactured by the Western Electric Company for all purposes, i. e., for the use of all the Bell companies in the United States, and for sale to the general public. The cost of such investigation would be unreasonable if undertaken by any single state and be impossible on account of the limited jurisdiction of the Commission.

Such investigations as have been made here do not indicate that any particular economy could be obtained by purchasing independently of the Western Electric Company. Some discrepancies have been found between the prices paid for materials by the Pacific Company and those paid by independent companies. However, no unfavorable comparison of this nature has been located except in the instance of poles, where for the northern division the prices paid through the Western Electric Company to its dealer, especially during most recent periods, have been consistently somewhat higher than prices paid by other utilities.

This is not an indication in itself of extravagance until the difference in price can be shown to offset, for materials of similar specifications, the advantages gained on account of the contract, such as the reliability for dependable supply of materials and the elimination of the necessity for the Telephone Company to carry large stocks of poles to insure their availability when needed. These features have not been disclosed, and the Commission will continue its inquiry into this subject informally, since it can have, in no event, an appreciable bearing upon the determination of this case.

The Commission has been able to determine that the cost of all materials and supplies used in this state is between \$350,000.00 and \$400,000.00 per year, and that the amount of possible overcharges or excessive profits by the Western Electric Company can not be so great as to affect the main issue before the Commission.

#### *Licensee Revenue*

The American Telephone & Telegraph Company, as heretofore stated, controls all of the Bell companies of the United States by virtue of the ownership of the majority of the stock of each. In accordance with the provisions of a contract existing between the American Company and these subsidiary companies, commonly known as the 4½ per cent agreement, the former company furnishes to the latter companies all transmitters, receivers and induction coils used in their operations, and in addition assists the subsidiary companies in their financial operations by use of its credits in borrowing money and by loaning them money for working capital in emergencies. It also maintains a staff of scientific investigators and expert advisers whose services are furnished to the subsidiary companies without extra charge. For the rent of this equipment and for these other services it charges each subsidiary 4½ per cent of its gross earnings; that is, of each dollar paid by the patrons of the Pacific Company 4½ cents go to the American Company for its financial assistance, the services of its engineering and financial experts, and the use and maintenance of about \$300,000.00 worth of plant.

As in the case of the Western Electric Company's earnings, the justice of the exaction of this licensee revenue is very difficult of determination, except by a review of the entire field occupied by the American Company and its subsidiaries. The value of the services rendered by the parent company may at times be great and at other times they may not be required at all. It is the view of this Commission, however, that the gross revenues of this company should have no bearing upon the compensation to be given to the American Company. The Pacific Company is but a part of a national system controlled and practically operated by the American Company. Services rendered by the American Company to the Pacific Company are as from one department to another in the same company, and compensation therefore should be based upon cost rather than value.

The American Company operations consist of a centralized administration of the entire "Bell" system, covering all subsidiary organizations throughout the country. This administration applies not only to the subsidiary companies with separate corporate entities but equally to the system of long lines owned and operated by the American Company itself as a more or less distinct department. In the figures of cost to the American Company of such services as supplied in this case by the Pacific Company, an apportionment is made of expenses chargeable to these long distance lines operated by the American Company, but the entire balance of the total cost is set forth as chargeable to the subsidiary companies. It is the view of this Commission that even if the American Com-

pany rendered no service at all to its subsidiaries it would still be obliged to maintain a considerable organization as a holding company. For the purpose of these findings it is held that there should be deducted, for the above reasons, 20 per cent of the general expenses as not assignable to the subsidiary organizations.

In the statement of costs referred to above is included a return on the investment in instruments and working capital. The American Company owns certain telephone instruments used by the Pacific Company and carries for its subsidiary considerable amounts of necessary working capital. These investments are not contained in the Pacific Company's statements of capital but have been included in the Commission's findings of fair value. A return upon them must, therefore, be excluded from the licensee revenue which the Commission will consider reasonable. There must also be excluded the depreciation and maintenance of the instruments, both being included under the appropriate heads in the Commission's income statement. Taking into consideration such evidence as has been introduced as to the remaining cost of service performed by the American Company for the Pacific Company, it is found that a proper amount to be allowed in this case is 55 cents per average company station.

#### *Franchise and License Taxes, and Free Service*

There has been considerable discussion of franchise and license taxes and of free and reduced rate service such as is rendered throughout the entire state under federal, state, county, franchise, municipal and charitable agreements. This Commission is of the opinion when the donations become burdensome the company should endeavor to eliminate this burden by discontinuance of such practices.

Municipalities should bear in mind the fact that the compensation demanded of utilities must eventually come from the pockets of their own citizens through the payment of increased rates. Charitable institutions and others who enjoy concessions should likewise know that the privilege they are receiving is a donation from the patrons who pay the full rate and is not an expense borne by the company.

#### *Home Telephone & Telegraph Company*

During the time that this application has been under consideration the Pacific Telephone & Telegraph Company has acquired the property of three of its competitors, the Home Telephone & Telegraph Company, operating an automatic system in Portland and a manual system in Albany; the Corvallis Independent Telephone Company operating a manual system in Corvallis; and the Oregon City & Farmers Independent Telephone Company operating a manual system in Oregon City. These properties were controlled by the Home Telephone & Telegraph Company and had connected approximately ten thousand company stations about half of which were also served by The Pacific Company.

The Pacific Company announces that as soon as the necessary connections can be made, it will establish full interchange between the two systems in each of these exchanges, thus eliminating all duplication, and, in the city of Portland, leaving each patron the liberty of choice between automatic and manual service.

In Albany, Corvallis and Oregon City, where the operation is manual, the unification of the two systems will be readily accomplished. In Portland, on account of the necessity of interconnecting manual and automatic systems, approximately one year must elapse before the full benefits of consolidation can be felt. The unification of these two systems, when completed, will in our opinion result in improved and more efficient service, and by the removal of duplication save to the telephone users of the four cities named not less than \$200,000.00 annually.

It is the hope of the Commission that the result of leaving to the patrons in the city of Portland the liberty of choice between manual and automatic phones will eventually be the adoption of the automatic service exclusively. Were there no financial advantages, humane considerations alone would lead to this view because of the effect upon health of the constant strain under which manual operators perform their work. Though the automatic system requires a greater investment than the manual, its operation costs less, and while it is impracticable at this time completely to replace the manual equipment with automatic there is reason to hope that it will eventually prove more economical.

The Commission has not yet had an opportunity to investigate the plant of the Home Company in Portland, but we are assured by The Pacific Company that in the purchase price due allowance has been made for all duplication of plant, and that only that which will be useful to the combined service has been charged to their investment. It is anticipated that the equipment purchased will take care of the greater part of the new business expected for the next three years.

#### *Character of Telephone Rates*

Telephone service, within certain limits, increases in both cost and value per unit of service with expansion of the business. In all other kinds of public utility business the cost per customer decreases as the number of persons served increases, while the value of the service has no particular relation to the number served. The difference arises from the nature of the service. The user of water or light is not benefited by his neighbor's use; each subscriber added to a telephone exchange extends the possible use of the telephone by every other subscriber. Up to a certain point in the development of business in any exchange, the value of telephone service to the individual subscriber is measured by the number of persons with whom it is possible for him to connect and by the use made of the service as indicated by the number of calls he actually puts through. Both are bound to increase as the system grows.

The statement that cost per station of telephone service increases as the number of subscribers grows is one not generally understood or believed. A brief general analysis of this point will be here presented. The cost of service depends upon the expense of operation and the interest on the investment. The investment may be divided into three parts, these three divisions for this property being relatively as follows: (1) the instruments used by the subscribers, 10 per cent; (2) the central offices and their equipment, 25 per cent, and (3) the connecting system of wires, poles and conduits, 65 per cent.

The first is a fairly constant amount per customer and therefore may be said to vary in exact accordance with the number of subscribers. The central office equipment increases much more rapidly than the number of subscribers, principally because of the necessity of connecting each new customer with all others. The cost of the wire system increases at a more rapid rate than the number of customers because of the tendency of new subscribers to be found at a greater distance from the central office, requiring longer wires to reach them, and because as the community and system grow there is a general necessity for more expensive construction, such as extended underground systems, longer poles, etc.

The operating expense of this system is found to be divided into three parts; viz., handling of traffic, about 40 per cent; maintenance and collection expenses, 56 per cent, and general expenses, 4 per cent. The cost of conducting traffic depends to a major extent upon the number of calls or density of traffic, which normally increases per station as the number of stations increases. Maintenance expenses naturally increase as the amount of plant installed increases and therefore a little faster than the subscribers. General expenses, or overhead, are not much affected by small changes in amount of business, but tend to increase somewhat more slowly than the number of customers. It is thus seen that practically every item of cost increases at the same rate as the growth of business, or a little faster. In short, the greater the number of subscribers attached to an exchange system, the greater the cost and the greater the value of the service rendered to each. There are some instances where, for short periods of time, during the development of business without the necessity of immediate additions to investment, this condition might be found to be modified or reversed. Such periods are, however, of only temporary duration and are followed by similar periods of very greatly increased costs per station, so that this feature of increasing costs with increasing business remains generally applicable to the normal growth of any exchange through longer periods of life. It follows that the growth of the community during any considerable period of time must inevitably be accompanied by a gradual increase in the charges for telephone service.

It must not be overlooked, however, that there is a certain initial investment required for any exchange, no matter how small, and that in those having only a few stations the service has so little value that it can not be sold at a rate which will pay any return, or, in many cases, even cover the expenses of operation. The extension of service to the smaller towns and villages, however,

adds to the value of the telephone service to the larger cities of the state and it is therefore often necessary that the utility carry these smaller exchanges without adequate return, relying upon the earnings of the larger and more prosperous exchanges to cover these losses, and, where possible, compensate it in some degree for its investment. However, in no instance will the rates contemplated by the Commission increase the earnings of any exchange above what would be reasonable if it were considered independently of all others.

Telephone rates should be adjusted in such a manner that the burden of the cost of the service will be equitably distributed. They can not be fixed on the basis of either cost or value alone. Residence service costs more for investment and but little less for operation than business, yet the rates must be much lower or service will not be taken. It is the extensive use of telephones in residence service that makes their use valuable to business; in fact, the value of a business service, in many instances, varies almost in direct proportion to the residence use. Consequently it may be said that residence service is commonly conducted at a loss and the loss made up in the charges for business use. Residence service is given at a low price because of its low value in spite of its high cost; business service at a high price because of its high value although its cost is but little above that of residence. Any attempt to make rates proportionate to cost would result in residence charges so high that few householders would use the telephone at all and this would result in greatly impairing its value to the business user. Testimony tending somewhat to corroborate this conclusion was offered by numerous patrons of the company, among whom were certain accredited representatives of the women's civic and social organizations, as well as various commercial bodies.

#### *Desk Sets*

The proposed tariff of the Pacific Company provides for an extra charge of 25 cents per month for desk telephones. The value attached to the use of these conveniences has an important bearing upon the rate to be charged for them. Further, experience shows that the cost of an installed desk or portable set, and the maintenance expense attached thereto, on account of parts broken from falls, worn cords, and other causes not encountered in the use of ordinary equipment, is sufficiently in excess of that for the ordinary wall type instruments to justify a distinction in the service rates for the two types of equipment. Another feature in justification of this charge is the fact that these conveniences are required chiefly by the larger users of telephone service, who are in this manner required to pay slightly higher rates.

#### *Service Connection Charges*

Each installation of service, whether or not upon premises having instrumentalities already installed, is accompanied by considerable expense, not chargeable to capital as added investment, which is peculiar to the particular subscriber applying for the connection with the exchange. Many installations are required by subscribers whose terms of service are of very short duration. This fact is more clearly apparent when we consider that for every five telephones installed four are removed, the net gain being one subscriber.

As a matter of equity a reasonable amount to cover this expense should be borne by the applicant at the time of the connection. Otherwise the entire cost of connection of service must be absorbed in the rates by all the patrons of the company, including those who are not responsible for the expense. These service connection charges should not be more than sufficient to cover the expense and must not be so large as to handicap the development of service. The system of charges herein established is designated to cover the average case and to give consideration for equipment already in place, and will, we believe, be sufficient to allocate these expenses with reasonable fairness to their source, while placing no undue burden upon any subscriber, nor any restriction upon the proper development of the service. Any attempt to assess each subscriber with the actual cost incurred in the connection of his service would involve added accounting and other expense sufficient to make it impracticable, besides opening the way for discrimination.

Service connection charges also obviate the necessity for contracts whereby the customer is bound to take service for a specified period. The Commission in its Order No. 31, dated September 25, 1915, provided an optional method by which the expense of disconnection and reconnection might either be assessed to the individual subscriber or be absorbed in the general expenses. We believe now

that, in the interest of fairness and in view of thorough investigations which the Commission has from time to time made on this subject, the charges should be modified to meet existing conditions and extended to cover all service installations without discrimination. Incidentally the establishment of such charges and the placing upon the individual of this portion of the expense will be a factor in maintaining exchange rates at the lowest possible level.

#### *Measured Service*

The use of a system of rates in which no distinction is made for differences in the amount of service furnished is essentially inequitable, and can be justified only so long as the additional cost of measuring the service exceeds the advantages to be gained by the adoption of a more just method. The Telephone Company's present rate system is based on flat rates, meters being used only to permit small users to obtain service at lower cost. Where flat rates are established which are sufficiently high to enable the utility to serve the average user at a reasonable profit, the result is that the many small users must pay more than their just share in order to compensate the utility for the few whose use is unusually large.

With the establishment of the schedule herein set forth flat rates for business service in Portland have reached a point where they can not much longer continue and be consistent with reasonable charges. With the limited information available we are not disposed to attempt a reform at this time. The Commission will, however, give the question further study and will direct the company to assist in procuring necessary data for use in considering the establishment of measured service.

#### *Free Interexchange Service*

Free exchange of service has heretofore been given between subscribers in Jefferson and Albany; Eugene and Springfield; Corvallis, Philomath and Pcoria; Toledo and Siletz; and in one direction between Oak Grove, Milwaukie and Portland. Such interexchange service is not ordinarily required by a large percentage of the subscribers in the interconnected exchanges and it would seem that its cost should be supported by message or toll charges against those actually using it. However, the service will be continued as at present until such time as each of these cases is presented before the Commission with complete evidence as to particular local conditions surrounding it.

The town of Warrenton, now having free exchange with Astoria, has especially high rates designed to meet this condition. For the present the Astoria rates will be made applicable to both exchanges and the free interchange service will be continued, pending special consideration.

#### *Supervision*

Testimony of record indicates that the efficiency of the local organization as a unit is retarded by its magnitude and lack of centralization of authority, causing many seemingly unnecessary steps in carrying out the routine of the company, thereby preventing the patrons of the utility from obtaining prompt and direct relief from complications which frequently arise between them and the officers and employees.

It was also observed that there is a lack of the fullest cooperation between the several departments, which must inevitably cause additional expense to the company and reduce the efficiency of the employees, who, through unfamiliarity with the routine of the other departments with which they come in contact, retard the service of the organization.

Investigation develops that various local supervising officers, who are ample in number and generously compensated, are not vested with authority commensurate with the titles of their particular offices, and in reality do not in certain instances, and in others can not, exercise decisive authority greater than that of their own subordinates. Problems purely local in character and apparently of minor importance must be successively submitted through a chain of transmittals, from one official to another, proving complex, cumbersome, unsatisfactory and expensive. It is axiomatic that every nonessential officer or employee promotes expense and decreases efficiency; the simpler the organization the more efficient. A system surfeited with minuteness of detail, designed largely to safeguard the interests of the stockholders, is valuable to the patrons of the utility only to the extent that the organization is reasonably necessary to the proper conduct of the business and expense incurred in excess of this amount is not properly chargeable to the patrons and should not be reflected in the rate.

Efficiency has a direct relation to expense. In the case before us it is noted that the number of telephones in 1918 increased seven and one-half per cent over the previous year while the traffic department handled the increased business with the same force. Again the plant department, while paying fifteen per cent higher wages, actually spent less for maintenance than during the previous year, and company officials testified that the plant had been kept in first class condition.

### *Service*

The adequacy of the service is a factor to be considered in determining the reasonableness of the rate. The term "service," as here used, not only pertains to the response of the central operator and the securing of the number, but reflects itself as being satisfactory or otherwise in all dealings with the company, such as prompt attention to repairs, billing adjustments, requests for installations or removals, insertions and changes of names in the directories, etc.

Evidence submitted to the Commission and uncontradicted by company officials tends to establish the fact that the service afforded is not such as should be expected from a thoroughly efficient organization.

Much of the business of the company is transacted through the commercial office, and it is principally here that the public, through personal contact, form their impressions of the methods of the company in conducting its business. It appears that the great volume of complaints presented to this Commission by patrons of the utility have their origin in the inability of the employees to satisfactorily adjust and conclude even the simplest matters of routine work.

### *Toll Rates*

On the twenty-first day of January, 1918, the Pacific Company put into effect a certain schedule of toll rates to be applicable between points on its lines within the state Oregon, which rates, after hearing thereon and certain modifications thereto, were authorized and legalized by our Order No. 362, issued April 15, 1918. On the twenty-first day of January, 1919, the Postmaster General, through his Bulletin No. 22, General Order No. 2495, announced a new toll rate schedule, which since that date has been and is now being charged.

The Pacific Company has estimated that its earnings from toll operations will be diminished approximately \$38,000.00 for the year 1919 by reasons of the application of these rates. We take the position that the legal schedule of toll rates applicable in this state is that authorized by our Order No. 362. If these rates are not followed, and the result is the diminution of the revenues, the Commission does not feel that it should be asked to make up this loss by an increase in the exchange rates.

### *Franchise Provisions*

The Commission has given its attention to the argument submitted by counsel for the city of Portland, relative to the franchise contract under which The Pacific Company is given the privilege of operating within the city of Portland, and notes the comment therein contained concerning the grave and extraordinary responsibility placed upon it with reference to the modification of such contracts. We fully recognize and respect these responsibilities in the adjustment, where necessary, of such agreements between cities and public utility corporations, and realize that extreme discretion must be used in the protection of the interests of the parties involved.

Under that responsibility we can not overlook, however, the fact that in some of these contracts there are conditions the continuation of which is detrimental to both the corporation and the users of the service. In a broad sense, the fundamental principle underlying the regulation of these contracts is that public utility operation shall always be controlled in the interest of the public—the entire public—including alike every rate payer, every investor and every citizen.

Although it is intimated that the granting of increased rates in the city of Portland will result in the violation of the franchise contract, an analysis of the exact condition is interesting and develops some features which the city, in arguing for the continuation of rates provided by the contract, should not overlook. In order that the maximum rates provided by the existing franchise may be clearly understood, such schedule is hereafter set out, together with calculations made for its application under varying conditions, and comparisons with both present and proposed schedules.

## RATE COMPARISON—CITY OF PORTLAND

	Franchise Rates				Company Rates	
	1 Mile or less	1½ Mile Radius	2 Mile Radius	3 Mile Radius	Present	Proposed
<b>Business Service Unlimited</b>						
Individual line .....	\$ 8.00	\$ 9.25	\$ 10.50	\$ 13.00	\$ 8.00	\$ 8.50
Two-party line .....	5.00	5.62	6.25	7.50	5.00	7.00
*Extension telephone .....	1.00	1.00	1.00	1.00	1.00	1.00
<b>Residence Service Unlimited</b>						
Individual line .....	4.50	5.75	7.00	9.50	3.00	3.75
Two-party line .....	2.50	3.12	3.75	5.00	2.25	3.00
Four-party line .....	.....	.....	.....	.....	2.00	2.50
Ten-party line .....	1.25	1.37	1.50	1.75	.....	.....
*Extension telephone .....	1.00	1.00	1.00	1.00	.50	.50
<b>Prepay Service—</b>						
<b>Nickel Box Business</b>						
Individual line .....	6.00	7.25	8.50	11.00	4.50	4.50
100 calls—excess .....	2c	2c	2c	2c	.....	.....
90 calls—excess .....	.....	.....	.....	.....	2½c	5c
Individual line .....	5.00	6.25	7.50	10.00	.....	.....
40 calls—excess .....	2c	2c	2c	2c	.....	.....
Two-party line .....	3.00	3.62	4.25	5.50	3.00	.....
60 calls—excess .....	2½c	2½c	2½c	2½c	2½c	.....
<b>Residence</b>						
Individual line .....	.....	.....	.....	.....	2.25	.....
45 calls—excess .....	.....	.....	.....	.....	2½c	.....
Ten-party line .....	1.50	1.62	1.75	2.00	.....	.....
30 calls—excess .....	2½c	2½c	2½c	2½c	.....	.....

The above comparisons in all cases are made upon the basis of rates for wall type instruments. No hint is given in the franchise rate as to whether or not desk sets were then in use nor as to what rate applied.

It is to be noted that the franchise rates provided only partially for the service now rendered, the development of the business having been so extensive as to require broadening of facilities to meet demands which were then unforeseen. Some types of service have been abandoned because of their inadequacy to meet the demands of the public. Service, instead of extending one mile beyond the central offices then established, now covers the entire city within a radius of several miles beyond those limits.

The rates then established for residences were in all cases higher than now in effect for service of similar type, and for a great portion of present subscribers would be very much higher if made according to the basic and mileage rates of the franchise than the charges under present or proposed schedules. Business rates quoted in the agreement were in some cases higher, and in other cases the same, as those now in effect, but were subject to the same additional charges for excess mileage which were then applicable, but which have since been discontinued by the company.

We can not believe that counsel for the city, or those citizens who have objected to this application, would seriously consider inviting the corporation to conform its charges to the rates specified in the contract. We believe the rates requested, as applied to the average subscriber, are below the maximum to which the applicant might go under the provisions of the agreement, which provisions, in the opinion of the Commission, would neither give adequate and satisfactory service to the subscribers at reasonable rates nor promote the extensive use of the service as it has developed under practices more modern and progressive, yet less severe upon patrons of the utility. It would appear that the interest of the com-

\*The rate for extension telephones under the franchise is \$1.00 per month plus the cost of installation.



munity might best be served by the elimination of those antiquated regulations under which extensive service can not be given, and that such elimination could not be reasonably interpreted as in violation of the spirit of this particular franchise agreement.

#### *Unsettled Conditions*

In the transition from war to peace, the country is passing through a period of uncertainty. The war has been a tremendous stimulus to growth in some lines of industry, but has been the cause of contraction in others. Expansion of the currency through increase of the country's stock of gold and the issuance of bonds has raised the general level of prices. Lack of material and scarcity of man power have forced some prices still higher. The combined demands of war and industry have exceeded the supply of labor, and wages have risen to an unprecedented height.

It is impossible at such a time to forecast the future with any degree of certainty. With no immigration for five years to maintain our labor supply while the war has called many foreign-born residents back to their former homes, it seems probable that wages will remain as they are, at least until the cost of living has been materially reduced. Some abnormally high prices will doubtless fall, in fact have already begun to do so, but until prices of food, clothing and building material have come down, or the public has become convinced that there is to be no general fall of prices, there can be no great activity in business.

#### *Relief*

From the records in the case before us it is evident that The Pacific Telephone and Telegraph Company has not, during the period in which its rates have been subject to the jurisdiction of this Commission, received, nor is it now receiving, such a return as courts and commissions have generally deemed adequate. The company now asks to have put into effect a tariff which would in some instances increase the rates as much as 60 per cent and calls for an average increase for the entire state of 27 per cent. These rates would add to the income for 1919 about \$640,000, producing a return of 7.2 per cent, which is considerably above the average return prior to the war.

In times such as these we hesitate to allow so heavy a burden to be placed upon the telephone users of the state. In many cases we believe that subscribers would refuse longer to take service, thus tending to defeat the end for which the increase is sought. In this sparsely settled but rapidly growing state a large percentage of the exchanges are necessarily in the period of early development in which it must be expected that the business will be conducted at a loss or for inadequate return. Increased cost of service has resulted directly from war activities and to the extent that it is not permanent should, within reasonable limits, be shared by the company.

There are numerous elements in this case which suggest that any remedy applied should be of a temporary nature. The effect of the recent radical change in the toll rates, whereby the minimum charges have been raised about 25 per cent while other charges have been decreased, has not yet been ascertained. While it is claimed by the company that these rates will occasion considerable loss in revenue, they may result in a substantial addition, thereby affording a part of the needed relief. As hereinbefore stated, the Pacific Company has recently purchased the properties of the Home Company in Portland, Albany, Corvallis and Oregon City, the complete unification of which can not be accomplished for nearly one year, and the result of which upon the operations of the Pacific Company can not be determined at this time. We have already directed the company to assist in procuring data for the further study of measured business service for the city of Portland. At the expiration of one year the Commission should be in possession of sufficient information to enable it to decide definitely upon the advisability of the establishment of rates upon this basis. The entire labor situation, now more or less unsettled, will by that time have reached a more stable basis, and as times again approach normal we may logically expect a lowering in the cost of materials, which will have a direct bearing on rates. Further, the uncertainties of federal control will, we hope, have passed, permitting this Commission the fullest investigation of all conditions without the interference of other agencies, which in this case have changed the issues from time to time.

While we can in no way consider the adjustment of rates now to be made a permanent one, nevertheless it is evident that some relief must be granted in order to protect the property and to permit the furnishing of adequate service. A complete revision of schedules has been requested by the company in which all charges throughout the state have been standardized for exchanges of practically similar characteristics. The principle we believe is a sound one, the application of which should be eventually perfected. However, it does not appear advisable to accomplish suddenly all the radical changes accompanying such a standardization, nor until we can be better assured, by events transpiring in the near future, of what may be considered normal post-war conditions.

Business service generally should in our opinion bear the larger proportion of the unusual temporary increases. We are inclined, therefore, to authorize at this time moderate increases in the rates for business service and to postpone until a later date any general revision of rates for residence service. In providing this temporary relief the Commission does not wish the schedules established to be construed as its interpretation of scientifically perfect rates. No rates herein authorized will exceed the rates charged for like service in comparable exchanges in other states of the northwest.

The additional revenues thus produced will not remain in the hands of either the telephone company or of the government, but will pass on to their employees. On the other hand, this increase will enable the company to pay just compensation to all its employees and to maintain itself until such time as the business situation clears and more settled conditions permit telephone rates to be established on a permanent basis.

#### *Findings*

In consideration of the foregoing opinion and the complete record herein, the Commission finds:

1. That the application in this case, except as to certain proposed rates hereinafter found to be just and reasonable, should be denied;
2. That the rates now imposed, charged and collected by The Pacific Telephone and Telegraph Company for telephone exchange service within the state of Oregon, in so far as they differ from those hereinafter found by the Commission to be just and reasonable, are unjust and unreasonable.
3. That just and reasonable rates to be imposed, charged and collected by said The Pacific Telephone and Telegraph Company in lieu of those hereinbefore found to be unjust and unreasonable are as follows:

#### GROUPING OF STATIONS

After consideration of the size and relative characteristics of each, the Commission has determined for the present upon the following division of exchanges now in service as a basis for the application of the rate schedules to be established:

Group 1—Portland.

Group 2—Albany, Astoria, Baker, Eugene, Pendleton, Salem, The Dalles.

Group 3—Ashland, Bend, Corvallis, Cottage Grove, Grants Pass, Heppner, Klamath Falls, Milton, Milwaukie, Oak Grove, Oregon City, Prineville, Roseburg, Springfield, Tillamook.

Group 4—Adams, Arlington, Athena, Austin, Bay City, Bourne, Burlington, Canyon City, Carlton, Cascade Locks, Clifton, Coburg, Drain, Durkee, Echo, Florence, Goble, Grass Valley, Gwendolin, Harrisburg, Hermiston, Hubbard, Huntington, Ione, Irrigon, Jefferson, Junction City, Knappa, Lapine, Lexington, Madras, Marcola, Moro, Newport, North Plains, Oakland, Peoria, Philomath, Rainier, Seaside, Shaniko, Shedd, Siletz, Stanfield, St. Helens Sumpter, Toledo, Troutdale, Waldo, Warrendale, \*Warrenton, Wasco, Weston, Westport, Whitney, Woodburn.

#### *Primary Rate Area*

The limits within which service will be available under the primary rates shall for each exchange be as established by the company in its proposed tariff.

#### BUSINESS SERVICE RATES

The rates for business service in the exchanges listed above other than Warrenton shall be the same as those proposed by the applicant except as they may be modified by the schedules following hereunder. Warrenton will take Astoria rates.

\*Warrenton for the present will take the same rate as Astoria.

## GROUP 1—PORTLAND

*Business—Unlimited Service*

	Rate per Month	
	Wall Set	Desk Set
Individual line .....	\$8.50	\$8.75
Two-party line .....	7.00	7.25
Suburban service—ten-party line .....	3.50	3.75
Extension—without bell .....	.75	1.00
Extension—with bell .....	.90	1.15

*Business—Measured Service*

	Rate per Month		Exchange Messages per Month	Each Additional Message
	Wall Set	Desk Set		
Individual line .....	\$6.50	\$6.75	\$1.30	\$ .04
Auxiliary line .....	2.50	2.75	.....	.....
Extension—without bell .....	.50	.75	.....	.....
Extension—with bell .....	.65	.90	.....	.....

*Business—Coin Box*

	Rate per Day		Exchange Messages per Day	Each Additional Message
	Wall Set	Desk Set		
Individual line .....	\$ .15	*\$.....	3	\$ .05
Extension—without bell, per month ....	.75	1.00	.....	.....
Extension—with bell, per month .....	.90	1.15	.....	.....

\* Desk set 25 cents per month additional.

*Business—Unlimited Service* GROUP 2

	Rate per Month	
	Wall Set	Desk Set
Individual line .....	\$4.00	\$4.25
Two-party line .....	3.50	3.75
Suburban service—ten-party line .....	3.25	3.50
Extension—without bell .....	.75	1.00
Extension—with bell .....	.90	1.15

*Business—Unlimited Service* GROUP 3

	Rate per Month	
	Wall Set	Desk Set
Individual line .....	\$3.50	\$3.75
Two-party line .....	3.00	3.25
Suburban service—ten-party line .....	3.00	3.25
Extension—without bell .....	.75	1.00
Extension—with bell .....	.90	1.15

*Business—Unlimited Service* GROUP 4

	Rate per Month	
	Wall Set	Desk Set
Individual line .....	\$2.75	\$3.00
Two-party line .....	2.25	2.50
Suburban service—ten-party line .....	2.75	3.00
Extension—without bell .....	.75	1.00
Extension—with bell .....	.90	1.15

## RESIDENCE SERVICE RATES

The rates for residence service in the exchanges listed above, other than Warrenton, shall be the same as now in effect except as they may be modified by schedules following hereunder. Warrenton will take Astoria rates.

*Extensions*

	Monthly Rate	
	Wall Set	Desk Set
Extension—without bell .....	\$ .50	\$ .75
Extension—with bell .....	.65	.90

*Desk Type Instrument*

Rate to be applied in addition to present charge for primary station in every exchange where present rates include no differential between wall and desk type instruments, 25 cents per month.

*Minimum Exchange Service Rates*

In no case shall service of the following classes be given at less than the rates hereunder fixed as minimums. If in any exchange an existing rate is lower than those so fixed, it shall be raised to conform to the minimum rate applicable to the particular class of service for which it is quoted. However, nothing herein shall be construed as preventing the utility at any time in the future from reducing any rate or rates as may be found necessary to properly develop the business, provided no unjust discrimination is thereby caused between individual subscribers or exchanges.

	Monthly Rate	
	Wall Set	Desk Set
Individual line—unlimited service .....	\$2.00	\$2.25
Two-party line—unlimited service .....	1.75	2.00
Four-party line—unlimited service .....	1.50	1.75

## APARTMENT HOUSE SERVICE RATES

Central office connection from apartment houses shall be given under the same rates, terms and conditions as have heretofore prevailed.

## SERVICE CONNECTION AND MOVING CHARGES

- For complete establishment of individual or party line service.
  - In exchanges with more than 1,000 company stations, \$3.50.
  - In smaller exchanges, \$2.50.
- For each extension station connected with any class of telephone service.
  - In exchanges with more than 1,000 company stations, \$3.50.
  - In smaller exchanges, \$2.50.
- For establishment of private branch exchange service. For each trunk line connecting the private branch exchange with a central office and for each telephone, except operator's telephone sets, connected to the private branch exchange.
  - In exchanges with more than 1,000 company stations, \$3.50.
  - In smaller exchanges, \$2.50.
- For establishment of service by the use of instrumentalities already in place upon the subscriber's premises and where no change is made in the type or location of those instrumentalities, to cover directory, switchboard, and circuit expense on each line.
  - In exchanges with more than 1,000 company stations, \$1.50.
  - In smaller exchanges, \$1.00.
- Service connection charges are not to supersede mileage charges or installation and construction charges made because of unusual cost, but are to apply in addition to such charges.

6. Service connection charges are not to apply to "service stations" or switching service.

7. Service connection charges are not to apply to "public telephones" or to "public pay stations" where service is established primarily for the benefit of the public. This exception does not include such service as semi-public guaranteed or rental pay stations.

8. Service connection charges are not to apply to private line equipment not connected with a central office for exchange or toll service.

9. All charges herein described are to be collected from all applicants for new service of the classes specified above at the time of application and prior to the establishment of such service except that the utility may establish service in advance of collection in case of modification or additions to service of existing subscribers.

10. Charges for changes of location of telephone equipment or wiring on the subscriber's premises:

(a) For moving a telephone from one location to another in the same room, \$1.00.

(b) For moving a telephone from one location to another on the same premises but not in the same room, \$2.00.

(c) For moving any other equipment or wiring from one location to another on the same premises the charge shall be made based upon the cost of labor and material.

11. Charges for changes other than moves in wiring and equipment on the subscriber's premises, made on the initiative of the subscriber:

(a) For changes in type of telephone set, \$1.00.

(b) For other changes in equipment or wiring a charge shall be made based upon the cost of labor and material.

12. Charges under rules 10 and 11 shall not apply if the changes or moves are required for the proper maintenance of service or equipment.

13. Charges for moves or changes specified above shall in no case exceed the service connection charges applicable to the entire service of the particular subscriber.

14. Charges herein specified shall not apply if changes are required on account of changes in class or grade of service.

15. Charges under rule 11 (a) shall not become effective upon application made within 90 days after the establishment of the rate in this order.

#### SUPPLEMENTAL RATES, RULES AND REGULATIONS

All other rates, charges, rules and regulations, in so far as they do not conflict with the schedules hereinbefore set down, shall be as proposed in the application.

Based upon the above findings and opinion, IT IS ORDERED that on, from and after the first day of May, 1919, the said The Pacific Telephone and Telegraph Company shall cease and desist from imposing, charging and collecting the rates hereinbefore found to be unjust and unreasonable, and shall substitute in lieu thereof the just and reasonable rates above set forth;

Provided, however, that the rates herein prescribed shall continue in force and effect for a temporary period only and at the expiration of one year shall become inoperative and void unless further extended by appropriate order of this Commission.

IT IS FURTHER ORDERED that this proceeding shall remain open upon the docket of the Commission and said The Pacific Telephone and Telegraph Company shall make such studies and reports to this Commission as will meet the full spirit and intent of this order, and such further studies and reports as may be required from time to time.

HOME INDEPENDENT TELEPHONE COMPANY OF LA GRANDE,  
OREGON, a corporation Complainant,  
v.  
THREE RIDGE TELEPHONE COMPANY OF PARADISE, OREGON,  
PARADISE TELEPHONE COMPANY OF PARADISE, OREGON,  
FLORA TELEPHONE COMPANY OF FLORA, OREGON, NORTH  
END TELEPHONE COMPANY, OF TROY, OREGON. Defendants. } No.U-F-223

(ORDER ENTERED MAY 12, 1919—P. S. C. ORDER NO. 502)

In this complaint it is alleged that the defendants, maintaining telephone exchange facilities in the town of Flora, Oregon, charge and collect unreasonable rates for transmitting long distance messages to and from the connecting lines of the Home Independent Telephone Company.

Subsequent to the filing of answers to the complaint and after due notice had been given and time and place set, this case was fully heard and submitted in the city of Enterprise, Oregon, on the fourth day of October, 1918, with these appearances entered:

For Home Independent Telephone Company, Cochran & Eberhard, attorneys.

For Flora Telephone Company, J. A. Reese.

For Paradise Telephone Company, Harley F. Battles.

#### FINDINGS AND ORDER

The complainant, the Home Independent Telephone Company of La Grande, Oregon, hereinafter referred to as the Home Company, is a corporation organized and existing by virtue of the laws of the state of Oregon and is engaged as a public utility in the ownership, management, control and operation of a system of exchanges and circuits by means of which it transacts a general telephone business in Union and Wallowa counties.

The defendants are corporations organized and existing by virtue of the laws of the state of Oregon and are the owners and operators of rural and farmer telephone lines in and around Flora, Paradise, Troy and other small towns in the northern portion of Wallowa county. Over these lines service is given for certain compensation to both stockholders of the corporations and others. The defendants also jointly own, maintain and operate in the town of Flora a switchboard for the interchange of traffic upon and between their several lines, and between their lines and the long-distance circuit of the Home Company with which a connection is maintained in the switchboard and over which the defendants have direct connection with the system of the Home Company through its exchange in the city of Enterprise.

In the ownership, control, maintenance and operation of this equipment for the use of the general public, the defendants are public utilities within the meaning of chapter 279 of the General Laws of Oregon for 1911 and are subject to the jurisdiction of the Public Service Commission of Oregon and the regulations prescribed by it.

The defendants, or their agents retained for the operation of the exchange at Flora, provide for the transfer of messages to and from the lines of the Home Company and for the collection of certain charges thereon. In return for services so received from the defendants the Home Company pays to them or to their agents 15 per cent of all revenue originating at Flora on either incoming or outgoing business.

Patrons using the long distance lines of the Home Company pay for that service at the regular published tariff rates which are based primarily upon the distance between talking points. In addition to the regular toll charges of the Home Company persons sending messages over the Home Company's system to Flora or to points beyond Flora on the defendants' lines are now required to pay a so-called "other line" charge of 25 cents upon each such message which passes through the switchboard. This 25 cent rate is charged and collected by the defendants upon each message without regard to the distance the destination or origin may be from the Flora exchange. Nonsubscribers sending messages from any point upon the defendant's line to any point upon the system of the Home Company are also required to pay this rate. It is apparent that this charge is

no more than a nonsubscriber rate or a toll rate charged for the use, by nonsubscribers, of the defendant's lines. All regular subscribers to the exchange service are given free interchange on outgoing toll messages.

A proper charge of this character is fairly assessable against nonsubscriber users of either local or long distance service, as a means of distributing to them a portion of the entire cost of operating and maintaining the local system. However, it is unreasonable and unjustly discriminatory to require customers to pay the same rate for messages delivered within greatly varying distances of the exchange.

A proper method of charging for this type of service is to provide for it with a schedule of graduated rates which takes into consideration the distance between talking points. Sufficient information is not in the record upon which to base an opinion as to the exact charges which should apply for this service throughout the defendants' system, and the Commission will now pass only upon the rate within the town of Flora which is particularly objected to by the complainants.

We are of the opinion that a just and reasonable charge for this service within the town of Flora, Oregon, or within one-quarter mile of the exchange office is 5 cents per call. The defendants now have no rate for this service on file with the Commission and for such service outside the town of Flora or beyond the quarter mile radius the Commission will accept for filing, subject to the usual procedure, such schedule as the defendants may submit.

IT IS NOW ORDERED that the defendants discontinue their practice as hereinbefore found to be unreasonable, and that in lieu of the 25-cent charge made upon messages whose origin or destination is within the town of Flora or within a radius of one-quarter mile from the central office they shall substitute a charge of 5 cents for each such message.

AND IT IS FURTHER ORDERED that each of the defendants, within thirty days from the effective date hereof, shall file according to law and the rules of the Commission a tariff containing all rates, charges, tolls and rules and regulations now effective, or to become effective, for the service rendered by them.

A reasonable date for this order to become effective is June 1, 1919.

In the matter of the application of the UNITED STATES  
SPRUCE PRODUCTION CORPORATION for suspension of  
operation of Chapter 229 of General Laws of Oregon  
for 1918, relating to fencing of railroad right of way. } No. F-799

(ORDER ENTERED MAY 14, 1919—P. S. C. ORDER NO. 503)

This matter is before the Commission upon the application of the United States Spruce Production Corporation to be relieved from the requirements of Chapter 229 of the General Laws of Oregon for the year 1918, with respect to the erection and maintenance of fences along certain portions of the right of way of Spruce Production Railroad No. 11, sometimes called the Yaquina Northern Railroad, and Spruce Production Railroad No. 12, sometimes called Alsea Southern Railroad, all being located in Lincoln County, Oregon.

After due notice to the applicant and to all owners of property adjacent to the portions of the rights of way affected by this application, public hearing was held hereon at Newport, Oregon, on the fifth day of March, 1919. Applicant appeared by Max Church, local counsel, and Lt. C. A. DeCamp, assistant engineer. Hon. B. F. Jones appeared on behalf of various property owners along the lines of the applicant. Other appearances were Moore Brothers and Frank Pearson.

From the record it appears that the applicant contemplates fencing all portions of its right of way except where unusual conditions exist, or where topographical and other conditions make it unnecessary. A considerable portion of these railways is constructed adjacent to the shore line of either the Yaquina Bay or the Pacific Ocean, where no fencing is necessary, and there are also numerous trestles and bridges the fencing of which is unnecessary and impracticable. In other places the railroads pass through uninhabited sections of country where there is no grazing and where at this time fencing would be absolutely useless.

While several parties appeared at the hearing herein and made a request that the railroad be fenced adjacent to their property, it appears that in all instances the fencing of these portions was contemplated by the applicant, and that no relief therefrom had been requested. Furthermore, it was stipulated by the applicant at the hearing that all portions of its rights of way, relief from the

fencing of which has not been requested, would be fenced at the earliest possible date. In other instances complaint was made that line fences had been torn down during the construction of the railroad and had not been replaced. In these cases the Commission will require that all line fences be replaced and suitable cattle guards installed thereat. The applicant will also be required to install and maintain at the ends of all trestles and bridges proper and suitable cattle guards to keep stock from getting on such trestles or bridges, and to connect these cattle guards with the adjacent right of way or line fences.

From the full consideration of the foregoing facts and of the entire record herein the Commission finds:

1. That the application herein should be granted and the operation of the provisions of Chapter 229 of the General Laws of Oregon for the year 1913 suspended as to the fencing of the following portions of Spruce Production Railroads Nos. 11 and 12, to wit:

#### SPRUCE PRODUCTION RAILROAD NO. 11

Mile	Side of Right of Way	Engineer's Survey Stations
1 .....	Both	From L0:00 to L45:00
1 .....	Both	From L45:00 to L52:80
2 .....	Both	From L52:80 to L85:00
2 .....	Left	From L85:00 to L105:60
3 .....	Left	From L105:60 to L158:40
4 .....	Left	From L158:40 to L170:00
5 .....	Both	From Lc0:00 to Lc45:00
8 .....	Both	From Lc198:00 to Lc205:41.5
9 .....	Both	From Lc205:41.5 to Lc258:21.5
10 .....	Both	From Lc258:21.5 to Lc311:01.5
11 .....	Both	From Lc311:01.5 to Lc363:81.5
12 .....	Both	From Lc363:81.5 to Lc416:61.5
13 .....	Both	From Lc416:61.5 to Lc465:00

#### SPRUCE PRODUCTION RAILROAD NO. 12

Mile	Side of Right of Way	Engineer's Survey Stations
1 .....	Both	From 0:00 to 28:76.8
2 .....	Both	From 28:76.8 to 39:60
3 .....	Both	From Bridge 3B
4 .....	Both	From Bridges 4A and 4B
5 .....	Both	From Bridges 5A and 5B
7 .....	Both	From Bridge 7A
9 .....	Both	From Bridges 9A and 9B
10 .....	Both	From Bridges 10A, 10B and 10C
13 .....	Both	From Bridges 13A, 13B and 13C
14 .....	Both	From Bridges 14A, 14B, 14C and 14D
15 .....	Both	From Bridge 15A
18 .....	Right	From 43:90 to 64:20
19 .....	Right	From 103:00 to 138:45.8
20 .....	Right	From 138:45.8 to 187:00
22 .....	Both	From 264:00 to 296:90.8
23 .....	Both	From 296:90.8 to 307:00

2. That the applicant should be required to replace all line fences which were removed during the construction of its said lines of railroad, and to install thereat good, sufficient and suitable cattle guards.

3. That the applicant should also be required to install and maintain at the ends of all trestles and bridges, good, sufficient and suitable cattle guards, connected with adjacent right of way or line fences.

Based upon the foregoing findings, IT IS ORDERED that the application be, and it is hereby granted, and the operation of the provisions of Chapter 229 of the General Laws of Oregon for the year 1913 suspended as to the fencing of the portions of the rights of way of Spruce Production Railroads Nos. 11 and 12 hereinbefore set out.



IT IS FURTHER ORDERED that within thirty days from and after the date hereof the applicant shall replace all line fences removed by it during the construction of its lines of railroad hereinbefore described, and to install thereat good, sufficient and suitable cattle guards; and that within such thirty days' time it shall install and thereafter maintain at the ends of all trestles and bridges, good, sufficient and suitable cattle guards, connected with adjacent right of way or line fences.

In the matter of the application of ELK CITY EXCHANGE { No. U-F-236  
TELEPHONE COMPANY for authority to increase rates. }

(ORDER ENTERED MAY 17, 1919—P. S. C. ORDER NO. 509)

### OPINION

This matter is before the Commission upon the application of the Elk City Exchange Telephone Company for authority to increase its rates for telephone toll service between Elk City and Toledo in Lincoln County, Oregon. Pursuant to due notice to interested parties, the case came on regularly for hearing before the Commission at Elk City, on Thursday, the sixth day of March, 1919, at the hour of 1:30 p. m. at which time and place testimony was taken thereon and all parties given an opportunity to be heard. The matter is now fully submitted.

### Appearances

For the applicant, J. A. Hodges, its owner and manager.

For Elk City Lumber Company, J. H. Hawkins.

For themselves, J. E. Taylor and Charles Allen.

The Elk City Exchange Telephone Company is owned and operated by Mr. J. A. Hodges. This company operates a small telephone exchange at Elk City, in Lincoln county, and furnishes exchange service to the town of Elk City and the surrounding community. Its plant consists of a switchboard and approximately thirty-five miles of line, to which some thirty-five subscribers are connected.

The value claimed for the property in the last annual report to the Commission is \$500.00, although it appears that the amount formerly reported was \$1,000.00.

The revenues of the applicant are derived principally from its thirty-five exchange subscribers. A charge of 15 cents per message is also made to non-subscribers for toll service between Elk City and Toledo. This service, however, is of very small extent, and the revenue therefrom is insignificant. The total revenue of the applicant from all sources for the year 1918 was only \$205.00. This was considerably less than sufficient to pay the actual operating expenses for that period without allowing for interest on the capital invested or depreciation. It is claimed by the applicant that the maintenance of the lines and the furnishing of service costs him from \$75.00 to \$200.00 more annually than is produced by the business. In addition to the actual cash expenditures he has donated for the benefit of the community served a considerable portion of his own time, as well as the use, without interest, of the money invested in the system.

Owing to the character of the community and the fact that the lines cover a somewhat extensive territory, collections are hard to make and many subscribers are slow in payment for the services received. This adds to what is otherwise an apparently heavy burden.

The topography of the country and the climatic conditions make the lines of the applicant unusually difficult to construct and maintain. The country is very rough and because of its proximity to the ocean is subject to heavy storms during the winter months. The salt atmosphere also tends to shorten the life of the wires. The line between Elk City and Toledo, which is about six miles in length, is constructed through timber and over hills and crosses the upper Yaquina river three times. The line is now in very bad condition and needs immediate reconstruction.

The applicant requests authority to discontinue the free service which has heretofore been given to subscribers between Elk City and Toledo as well as the present rate of 15 cents per message to nonsubscribers and to establish in lieu thereof a uniform charge for all conversations of 10 cents per call with no

limit upon the length of the conversation. It is estimated that this charge will produce additional revenue in the neighborhood of \$1.00 per day which will assist in covering the expense of repairing and maintaining this toll line.

Various patrons of the applicant company appeared at the hearing herein and testified as to their attitude toward the proposed increase. Without exception they seemed to realize the condition under which the applicant is operating and entered no objection to the establishment of the universal toll charge. The Commission is of the opinion that 10 cents per call is not an unreasonable rate for the service rendered. We believe, however, that the period of conversation at the initial rate should be limited in order that the service may be protected and all patrons insured a fair opportunity for the use of the line. Five minutes is a reasonable initial period for this short distance with the conditions under which service can be given over this line. The rate for each additional three minutes or fraction thereof should be 5 cents.

It appears that The Pacific Telephone and Telegraph Company now has a toll line running through Elk City to Toledo but that there is no connection between such line and the Elk City Exchange. The Commission would suggest that an endeavor be made to obtain the connection and to arrange for a satisfactory agreement as to the compensation to be received by the Elk City Company. No evidence is of record sufficient to indicate what this compensation should be, but the Commission is of the opinion that to be remunerative it could hardly be less than 30 per cent of the revenue originating at this point.

Testimony in the record develops the fact that the applicant gives reduced exchange service rates in consideration of the ownership by subscribers of telephone instruments. Under the provisions of the law this practice is forbidden although the utility is allowed to pay a reasonable rental for the use of such equipment. The applicant should therefore discontinue the special rate for subscribers owning their own instruments and substitute the regular charges applicable where all equipment is owned by the company and should establish in its tariffs a rental to be paid to subscribers for the use and maintenance by them of such instruments as they may own. A reasonable rental to be established for this purpose is 25 cents per month, or \$3.00 per year. This requirement does not apply to farmer line subscribers owning their own lines and equipment and to whom only switching service is furnished.

From a full consideration of the foregoing facts and the entire record herein the Commission finds that the application should be granted.

IT IS, THEREFORE, ORDERED that the Elk City Exchange Telephone Company be authorized to discontinue its present rates relative to toll service between Elk City and Toledo and that in lieu thereof it shall substitute a rate of 10 cents for the first five minutes and 5 cents for each additional three minutes or fraction thereof for each message between these two stations.

This order shall become effective on the twentieth day of May, 1919.

CITY OF WALLOWA, OREGON,

v.

ENTERPRISE ELECTRIC COMPANY,

Plaintiff,

Defendant.

} No. U-F-214

(ORDER ENTERED MAY 26, 1919—P. S. C. ORDER NO. 510)

This case now before the Commission for decision is the complaint of the city of Wallowa against the Enterprise Electric Company alleging poor service and inequality of rates. Due notice having been given to the interested parties the case came on before the Commission at the city hall, Wallowa, on the fifth day of October, 1918 with the following appearances entered:

For the city of Wallowa, Oregon, R. J. Green, attorney.

For the Enterprise Electric Company, E. T. Buselle, engineer.

#### FINDINGS AND ORDER

The complainant is a municipal corporation of the state of Oregon. The Enterprise Electric Company, defendant, is also a corporation organized in 1911 and existing by virtue of the laws of Oregon and is a public utility subject to the jurisdiction of the Public Service Commission of Oregon and the provisions of Chapter 279 of the General Laws of Oregon for 1911 and laws supplementary thereto and amendatory thereof.

In its occupation as a public utility the defendant owns, manages, controls and operates three hydro-electric generating plants in or near the cities of Wallowa, Enterprise and Joseph and a system of transmission and distribution lines conveying energy from and between these plants to be used for general lighting and power purposes in Enterprise, Joseph, Wallowa, Lostine, Evans, and contiguous territory. The principal office of the defendant in Oregon is in Enterprise and is managed by the general superintendent. A general office is maintained in Spokane, Washington.

In the complaint it is alleged that the service and rates of the defendant are unreasonable and unjustly discriminatory and for reasons it is asserted that:

1. There is too much variation in the voltage supplied by the defendant.
2. No provision is made for an all-the-year service and service is interrupted in winter on account of plants freezing up.
3. The business lighting rates are too high and should be reduced more nearly to conform to the residence lighting schedules.
4. The heating and power rate should be equal to all for like service.

Testimony of record indicates that the principal complaint against the service if this utility has been due to conditions existing before the investigation but now at least partially eliminated. Just prior to 1916 the system now owned by the Enterprise Electric Company was operated by two companies, the Joseph Light & Power Company operating the plant and system at Joseph and the defendant then operating the plants at Enterprise and Wallowa. Due to their character and exposure of water supply the latter plants are susceptible to freezing during hard winters. The operations of the Wallowa plant are especially unreliable during certain seasons of the year, both on account of ice and flood waters. The operation of the Joseph plant acquired by the defendant in the consolidation of properties in 1916 is more stable and is not known to have ever been interrupted on account of the elements. It is of sufficient capacity to enable the company, with assistance to be had from the Enterprise development, to carry its entire load at any time without depending upon the Wallowa plant, the latter being virtually held as a reserve and operated only in cases of emergency. Water power at the latter plant is sold directly to a flour mill company when the operation of the electric equipment is not required by the utility system.

The company states, and is uncontradicted, that immediately after the purchase of the Joseph system in 1916 it undertook to complete before winter set in a transmission line from Joseph to Enterprise to interconnect the two systems and assure the patrons of continuous and more dependable service. Due to difficulty in securing materials this construction was not completed when expected and the benefits of it were not fully felt until the following year. The record indicates and it is our opinion that present system of interconnected plants if properly operated can be made to give continuous and adequate service within reasonable limits and that under such operation the principal cause of the complaint will have been eliminated.

This utility is now the sole producer of electric energy in an extensive and not thickly populated territory where the revenues to be gotten are somewhat limited and where the natural elements are difficult to combat with facilities justified by the business available. It appears that the system as now connected furnishes as reasonable a guaranty of uninterrupted service as can fairly be required of a public utility operating under such conditions of climate, area, population and revenue.

In connection with the complaint as to voltage variation, records taken from volt meters in the city of Wallowa were examined. They indicated that at times during the year the regulation is unsteady and subject to continual fluctuations of sufficient extent to be materially noticeable and disagreeable in the ordinary use of the service. The rules of the Commission do not prescribe standards of voltage for cities having a population of less than 1,500, but the law provides that service in every instance shall be adequate. In order that the complainant and the Commission may be assured that every effort is taken to perfect the regulation of voltage within reasonable limits, the company will be asked to file, in the Commission's office, voltage charts for the city of Wallowa taken on each Monday, Wednesday and Saturday after August 1, 1919, and until such time as further notice shall be given.

The claim of unjust discrimination between residence lighting and commercial lighting rates is not substantiated by the record, nor is the allegation of unfair discrimination between individual power users.

Legal rates for regular lighting service, as filed with the Commission, are as follows:

**Residence Lighting—Meter Rate**

First 25 kilowatt hours per month .....	12c per k. w. h.
Next 75 kilowatt hours per month .....	3c per k. w. h.
All in excess of 100 k. w. h. per month .....	2c per k. w. h.
Minimum monthly charge .....	\$1.00

Heating, cooking and domestic appliances of reasonable demand and domestic power of 1 h. p. or less may be used on this rate in connection with residence lighting.

**Residence Lighting—Flat Rate—Yearly Contracts Only**

First 100 watts of connected load .....	15c per watt per year
All in excess of 100 watts of connected load .....	9c per watt per year
Domestic 6 pound flat iron where lighting is used .....	\$9.00 per year
Bills payable in twelve equal monthly installments.	
No service connected for less than \$1.00 per month.	

**Commercial Lighting—Meter Rate**

First 50 kilowatt hours per month per kilowatt connected .....	12c per k. w. h.
Next 50 kilowatt hours per month per kilowatt connected .....	10c per k. w. h.
All in excess of 100 kilowatt hours per month per kilowatt connected .....	5c per k. w. h.
Connected loads of 1 kilowatt or less figured as 1 k. w.	
Minimum monthly charge, \$1.00 per k. w. connected.	
No monthly charge less than \$1.00.	

**Commercial Lighting—Flat Rate—Yearly Contracts Only**

Class A—Consumers closing at 6 o'clock except one night a week not later than 10 o'clock, per year, \$120.00 per k. w. connected.	
Class B—Consumers closing at 10 o'clock every night, per year, \$150.00 per k. w. connected.	
Class C—Consumers closing at 1 a. m. every night, per year, \$180.00 per k. w. connected.	
Class D—Consumers using current all night every night, per year, \$210.00 per k. w. connected.	
Class E—Consumers using 24-hour service continuously, per year, \$240.00 per k. w. connected.	
All bills payable in 12 equal monthly installments.	
Minimum monthly charge, \$1.00.	
Hotels and rooming houses are classed as "B" consumers. Bar, card and billiard rooms are not considered part of a hotel.	

Testimony of the witnesses for the plaintiff developed one claim of unfair discrimination not set out in the original complaint. The existence of both flat and meter rates is alleged to be inequitable and the Commission believes this point in the main well taken. We have yet to find an instance where the giving of general electric service under option flat and meter rates does not result in material injustice to some customers. The condition is inherent in the flat rate system of providing electric service, and can not be eliminated. Schedules of flat rates when made reasonable for normal average users of the service are not such as to make proper charges against the many customers who through neglect or necessity make abnormal use of the privilege of unlimited service. Another disadvantage is the fact that it is not feasible for the utility having such rates to control within reasonable limitations the individual installations upon which the monthly charges to the customers are based. The Commission has many times condemned this method of making charges for electric service except in those comparatively few instances where the regular consumption of an individual customer or of the customers in a particular class can readily be determined without metering and for which the installation of meter would be an economic waste. The Company should take such steps as are necessary to meter as rapidly as possible all customers the particular nature of whose use does not warrant unmeasured service.

The rates for metered residence lighting service as may be seen from an examination of the schedule hereinbefore shown are intended to provide rates not only for lighting service but also for energy used in connection therewith for

domestic cooking, heating and power appliances. Experience shows that energy for these two distinct types of service can not be sold at the same unit price nor need it be when viewed from the standpoint of either cost or value. The existence of high rates for one class of service and low rates for another and different class is not an indication that any unfairness exists for customers in either group. Both the cost and value of the service must enter into the rate, and both may vary between wide limits for different classes of service. For instance, no utility could hope to sell electric energy for cooking or heating purposes in a residence at a rate equivalent to that which may reasonably be obtained for energy used in illumination. It is not worth as much to the customer and cannot be sold under such a condition. On the other hand, with the necessary facilities already in place for distributing lighting service, energy for heating and cooking can be delivered at a much lower rate, and one which will be both profitable to the company and attractive enough to sell the service. The development of the business in this manner will ultimately permit the giving of the higher types of service, such as lighting, at the lowest possible rates.

In the present instance the first 25 kilowatt hours used by any residence customer cost him 12 cents each, and we know from experience that the average use for such purposes in cities the size of Wallowa does not average 25 kilowatt hours per month, and that for the great majority of customers the monthly consumption never reaches that figure. By providing in this manner the proper rate for all normal lighting use and making rapid reduction in the succeeding blocks of the schedule, it is possible for the company to develop under one rate schedule a combined heating, cooking, and lighting business without the necessity for maintaining more than one service connection and one meter for any customer wishing such combined service.

The complaint contends that the business lighting rate should be reduced to the equivalent of the schedule for residence lighting in which provision for the combined service is included. In this contention we cannot concur. It would not be an equitable proposition, nor a financially practicable one, to require that a utility should sell lighting service for commercial purposes at rates as low as are provided for heating, cooking and domestic appliances used in residences. The commercial lighting customers in fact are now enjoying a rate as low or lower than that paid by residence users for purely lighting purposes.

From consideration of the foregoing facts and the entire record before it, the Commission finds that the facts presented are not sufficient to justify an order for the modification of any of the rates complained of, and that the case before it should be dismissed without prejudice, but subject to the fulfillment by the defendant of the requirements hereinbefore made relative to the filing of service records and plans for the elimination of flat rates. The dismissal of this case shall not prevent the Commission from making at any time, either upon its own motion or upon proper complaint, further investigation of the affairs of this Company to determine as to the adequacy of its service, or as to the reasonableness of its entire rate schedule, or any part thereof as applied to the entire system or any of the towns comprising it.

IT IS, THEREFORE, ORDERED that the complaint of the city of Wallowa against the Enterprise Electric Company be and the same hereby is dismissed subject to fulfillment by the company of the requirements imposed upon it.

In the matter of the application of C. E. PRATT, owner  
of the Wamic Telephone Exchange, for authority to } No. U-F-247  
increase rates.

(ORDER ENTERED MAY 26, 1919—P. S. C. ORDER NO. 511)

The above entitled matter came on regularly for hearing before the Public Service Commission of Oregon at Wamic, Oregon, on Tuesday the twentieth day of May, 1919.

#### Appearances

For Wamic Telephone Company, J. C. Pratt, manager.

## FINDINGS AND ORDER

C. E. Pratt is the owner of the Wamic Telephone Exchange consisting of a switchboard and accessory equipment necessary for interchanging calls between privately owned local farmer lines connecting with it and for transferring long distance messages to and from the circuits of The Pacific Telephone and Telegraph Company. No lines are owned by Mr. Pratt and the public utility service in which he is engaged is confined to the furnishing of switching service for subscribers on lines desiring connection with the switchboard.

In his occupation as a public utility the applicant is subject to the jurisdiction of this Commission and to the provisions of the laws which it administers.

At the date of hearing there were 113 subscribers to the exchange service from each of whom the applicant received revenue at the rate of 25 cents per month. In addition to this revenue from local switching service the applicant receives 20 per cent of all revenue originating at Wamic from long distance calls to or from the lines of The Pacific Telephone and Telegraph Company. From all sources the applicant obtains for his utility service an income of about \$32.00 per month.

Switching is performed from 6 o'clock a. m. to 9 o'clock p. m. during all except winter months, and requires the almost constant attention of one operator throughout a major part of that period. The operating is done by members of the family and no definite compensation is fixed for it, although the manager estimates a reasonable allowance for the work performed to be \$2.00 per day. In addition to wages for the operators there must be met the cost of batteries and proper provision for the repair and depreciation of the switching equipment.

No objection was entered against the application and the Commission, in view of the facts disclosed, is of the opinion that it is unreasonable to require the applicant to continue operation with the limited revenue available, and that no injustice will be done by granting the increase requested.

IT IS, THEREFORE, ORDERED that the applicant be and he hereby is authorized to discontinue the present rate of 25 cents per month for switching service and to substitute in lieu thereof a rate of 50 cents per month.

IT IS FURTHER ORDERED that the applicant shall immediately file according to the law and the rules of this Commission a new tariff in which shall be published the rates hereby authorized and all other rates, rules or regulations pertaining to its service.

A reasonable date for this order to become effective is June 1, 1919.

In the matter of the transportation of livestock by the  
railroads upon certain days at a minimum rate of } No. F-172  
speed.

(ORDER ENTERED JUNE 9, 1919—P. S. C. ORDER NO. 514)

## SUPPLEMENTAL ORDER

The Oregon-Washington Railroad and Navigation Company under date of March 20, 1919, made application to this Commission for authority to be relieved from the operation of its Tuesday special livestock train except in instances wherein ten cars or more were offered for transportation.

Investigation through informal conferences having been had at the office of the Public Service Commission, 252 Courthouse, Portland, Oregon, on the eighth day of April, 1919, and on the twenty-seventh day of May, 1919, and the Commission now being fully advised in the premises, finds:

1. That the Oregon-Washington Railroad and Navigation Company on August 16, 1911, designated Tuesday of each week as the day on which it would transport livestock tendered in carload lots of less than ten carloads at the minimum rate of speed, and under the conditions required by Section 2, Chapter 136 of the General Laws of Oregon, 1911.

2. That this Commission on September 23, 1911, designated Saturday as an additional day upon which the Oregon-Washington Railroad and Navigation Company should transport each week the livestock in carload lots in less than ten carloads.

3. That for some reason, presumably due to market conditions at the stock yards in North Portland, the movement on the Tuesday train has dwindled to almost nothing and the principal movement of stock is now on Saturday.

IT IS, THEREFORE, ORDERED that the Commission signify to the Oregon-Washington Railroad and Navigation Company its approval until its further order of the withdrawal of the Tuesday livestock train upon which it has been customary to transport livestock in carload lots of less than ten cars at the minimum rate of speed and under the conditions required by Chapter 136, Laws of 1911, and amended by Chapter 50 of the General Laws of Oregon, 1913.

That the above named railroad shall give notice to the public of said withdrawal of Tuesday livestock train for the movement of stock in carload lots of less than ten cars, by immediate posting of notice in conspicuous places in its several depots in district affected.

That this order shall become effective on and after June 16, 1919.

ROY GRAVES AND C. S. GRAVES,	Plaintiffs,	) No. F-814
v.		
SOUTHERN PACIFIC COMPANY, a corporation, and WALKER		
D. HINES, director general of railroads,	Defendants.	

(ORDER ENTERED JUNE 16, 1919—P. S. C. ORDER NO. 516)

#### OPINION AND ORDER

This matter is before the Commission upon the complaint of Roy Graves and C. S. Graves, copartners doing business under the name of Graves Canning Company, against the Southern Pacific Company and Walker D. Hines, Director General of Railroads, involving the construction of a spur track to the industry of the plaintiffs in the city of Woodburn. The case came on regularly for hearing at Woodburn, Oregon, on Thursday, the fifteenth day of May, 1919, at the hour of 10:30 a. m., plaintiffs being represented by Blaine McCord, their attorney, and the defendants being represented by Paul P. Farrera, one of their attorneys. Testimony having been taken, all parties having been fully heard hereon, and briefs having been filed, the matter is now ready for decision.

The complaint herein alleges, among other things, that plaintiffs are now constructing a canning factory in Woodburn, Oregon, upon a site adjacent to the right of way of the defendants; that it is necessary and expedient in the course of the operation of such canning factory to transport over the lines of the defendants to such canning factory fruits, berries, vegetables and other produce and commodities, and to transport canned fruits, berries, vegetables and other property and commodities from such canning factory to a suitable market over the lines of the defendants; that it is necessary in order to properly and conveniently load and deliver such property and commodities to the defendants' lines, at a reasonable cost, to establish and construct an industry spur from the lines of the defendants to the said canning factory; that the volume of business which will be provided by such canning factory to the lines of the defendants is ample to justify the expenditure by the defendants of the sums necessary to construct such industry spur; that by reason of such canning factory and the contracts entered into by such canning factory the productiveness of this locality will be greatly increased, the amount of freight moving from this point over the lines of the defendants will be increased, and the plaintiffs by reason of the construction of an industry spur will be enabled to compete on equal terms with other canning factories in the state having industry spur facilities; that the site upon which such canning factory is located and the position of the buildings upon such site is such that at no place will it be necessary to extend such industry spur further from the right of way of the main line of the defendant than is necessary to give proper clearance between the tracks of the defendants and such industry spur; that the plaintiffs have requested the defendants to construct such industry spur but that the defendants have neglected and refused to construct the same except upon such terms and conditions as are unjust, unreasonable and unjustly discriminatory; and that the aforesaid regulations and practices, and the service and facilities afforded by the defendants are in the respects complained of and, by reason of the foregoing matters and things, inadequate, unreasonable and unjustly discriminatory. The prayer of the complaint asks that defendants be required to cease

and desist from the violations of law complained of and that the Commission shall fix and order substituted such regulations, practices, service and facilities as it shall determine to be reasonable.

Defendants, in answer to the complaint, deny the material allegations thereof, and for an affirmative answer allege that this Commission is without jurisdiction to make or enter an order granting the prayer of plaintiffs' complaint, or any part thereof.

It is contended by the defendants that the Commission is without jurisdiction to require the construction of an industry spur to the premises of the plaintiffs, or to apportion the cost thereof, upon the ground that the jurisdiction of the Commission extends only to the requirement of facilities for the service of the public at large, that the spur in question is not a public facility, and that a requirement that such spur be constructed would be a taking of property for private use and without due process of law. The plaintiffs on the other hand contend that although the spur in question is an industry spur it is a public facility, that the general public is interested in and will be benefited by its construction, and that the Commission has authority to require its construction upon such terms as it may deem just and equitable.

The position we take with respect to this question is that the Commission has jurisdiction in the premises, and without entering into a full discussion of this feature we will proceed upon this theory. An examination of the record herein discloses, that in the main the allegations of plaintiffs' complaint are true; that plaintiffs have entered into numerous contracts with growers for the production of fruits, berries and vegetables, covering periods of ten years or less; that the construction of the cannery will be a material aid in the development of the natural agricultural resources of the community surrounding Woodburn and is of general public interest and benefit; that it is necessary that an industry spur be constructed from the lines of the defendants to said canning factory; that a public necessity exists for the construction of such spur and that such spur when constructed will be a public facility and may be used by the public generally and that the volume of business which will be provided by such canning factory to the lines of the defendant company is ample to justify the expense of the construction thereof, which will not in any event exceed a maximum expenditure of one thousand dollars.

\* \* \* \* \*

### FINDINGS

Based upon the foregoing opinion and the entire record herein the Commission makes the following findings:

1. That the regulations, practices, service and facilities of the defendants are inadequate, unreasonable and unjustly discriminatory in that said defendants fail and refuse, upon proper and reasonable terms, to lay out and construct a spur railroad track from a connection with their main line or sidings to the industry of the plaintiffs in the city of Woodburn, Oregon.

2. That just, reasonable, adequate and not unjustly discriminatory regulations, practices, service and facilities for the defendants to observe, follow, use and supply in the future are to lay out, construct, maintain and operate, upon reasonable terms, a spur track extending from a connection with its main line track or sidings, to the canning factory of the plaintiffs in the said city of Woodburn, Oregon, such spur track to be laid out and constructed in the most practicable manner possible.

3. That owing to the particular advantage to be derived by the plaintiffs from the construction and operation of such spur track, said plaintiffs should be required to contribute toward the cost thereof, and the construction of such spur track should be conditioned upon the said plaintiffs furnishing to the defendants the necessary additional right of way therefor, furnishing and laying the necessary ties and doing the grading from the point of clearance from the main line or side track with which it connects, the remainder of the cost of such spur including the entire cost to the point of clearance, the necessary rails, bolts, spikes and fastenings, and the cost of laying the same, to be borne by the defendants.

4. That twenty days from and after the date hereof is a reasonable time within which to comply with the provisions of this order.



## ORDER

Based upon the foregoing findings, IT IS ORDERED that within twenty days from and after the date hereof the defendants, Southern Pacific Company and Walker D. Hines, Director General of Railroads, shall lay out and construct, and thereafter maintain and operate a good and sufficient spur track, connecting with their main line or sidings and extending to the cannery factory of the plaintiffs in the city of Woodburn, Oregon, such spur track to be laid out and constructed in the most practicable manner possible.

Provided, however, that the construction of such spur track is conditioned upon the furnishing by the plaintiffs to the defendants of the necessary additional right of way therefor, furnishing and laying the necessary ties and doing the grading from the point of clearance from the main line or side track with which it connects.

M. J. LEE, <i>et al</i> ,	Plaintiffs,	} No. F-790
<i>v.</i>		
PORTLAND RAILWAY, LIGHT & POWER COMPANY,	Defendant.	

(ORDER ENTERED JUNE 16, 1919—P. S. C. ORDER NO. 517)

## OPINION AND ORDER

This matter is before the Commission upon the petition of numerous residents of Canby, Barlow, Aurora and vicinity, calling the attention of the Commission to certain hazards existing on the Pacific Highway between Canemah and Oregon City. This matter was first taken up informally with the various interested parties, and no satisfactory results having been attained was thereupon set down for formal hearing at the Courthouse in Oregon City on Monday, the twenty-sixth day of May, 1919, at 11:00 o'clock, a. m. At this time and place M. J. Lee appeared on behalf of the petitioners; the Portland Railway, Light & Power Company appeared by R. A. Leiter, of its attorneys, and F. I. Fuller, vice-president and general manager; the county court of Clackamas county appearing by H. S. Anderson, county judge, and W. A. Proctor and W. F. Harris, commissioners. At this time and place testimony was taken and all parties were heard upon the matter involved. The Commission deeming it possible that further testimony might be desired the case was not fully submitted but held open for the taking of further testimony if such was deemed advisable. The Commission being now fully advised, the matter is now ready for decision.

The matter here involved is the hazard caused by the narrowness of the present roadway between Canemah and Oregon City, and the blocking thereof by the interurban cars of the Portland Railway, Light & Power Company. Owing to the topographical conditions, the highway at this point is unusually narrow, it being a plank road slightly less than eighteen feet wide constructed along the easterly bank of the Willamette river for a distance of approximately 2900 feet. This roadway is supported and protected on the river side by a rock wall. On the opposite side thereof is located the right of way and tracks of the main line of the Southern Pacific Company, which border on a high rocky bluff. The right of way of the Southern Pacific Company is rather narrow at this point, being probably not more than twenty feet in width, and is no more than is required by them in their railway operations.

Under the terms of a franchise granted by the county court of Clackamas county, this roadway is now occupied by the standard gauge railway tracks of the Portland Railway, Light and Power Company, over which interurban trains of from two to six cars each are operated. These tracks are constructed exactly in the center of the planked roadway, and inasmuch as the cars operated thereover are approximately nine feet and four inches in width very little room is left for vehicles when the track is occupied by cars. It is absolutely impossible for a vehicle to pass an interurban train on the river side of the track, nor is it possible to pass even on the easterly side without leaving the planked road and driving against the bank or into a pocket, of which there are very few. The maximum clear width between an interurban car and the edge of the planked

roadway is less than four feet, and in many places along this stretch of highway it is absolutely impossible for a vehicle and an interurban train to pass. This constitutes an extremely hazardous condition.

During the major portion of the day there are four movements of interurban passenger cars per hour over this line of the Portland Railway, Light & Power Company to Canemah. In addition to the passenger movements there are certain freight switching movements to the paper mills, which are located near the north end of the roadway here under consideration. These freight movements are, as a general rule, made at night, at a time when there is very little traffic over the highway, and the hazard caused by their operation is not great. However, for the proper protection of the public all such movements should be made under flag.

While this roadway has been open and in use for many years, until recently the traffic thereover has not been heavy, the old Pacific Highway having entered Oregon City from the east, and not passing through Canemah. However, in the construction and improvement of the new Pacific Highway a relocation has been made and the new highway now parallels the Southern Pacific tracks from New Era, through Canemah and thence over the narrow roadway, which is the subject of discussion here, to Oregon City. This highway is now hard surfaced as far south as Canby and the traffic thereover is naturally extremely heavy, and especially so during the summer months. A large portion of this traffic is tourist traffic, and it is especially to these persons, who are unfamiliar with the condition, that this situation is extremely dangerous.

It appears that it is not the intention of the State Highway Commission to permanently locate the Pacific Highway between Canemah and Oregon City where this narrow roadway is now located, but it is anticipated that some change will be made and with this end in view they have ordered that new surveys be made. However, in view of the extreme hazard now existing it is necessary that some temporary relief be afforded.

From a review of the record herein and a personal inspection of the condition involved, we are of the opinion that the only practical solution of the problem is the temporary discontinuance of the passenger service over the lines of the Portland Railway, Light & Power Company between Oregon City and Canemah. This suggestion was made at the time of the hearing herein and neither the county court, the Portland Railway, Light & Power Company, nor any other person has made any material objection thereto, but on the contrary it seemed to be the consensus of opinion that this was the only practicable remedy.

The traffic over this railway line between Oregon City and Canemah is extremely light. A traffic study made from May 28 to June 4, inclusive, determined by daily count by conductors of through and local passengers on each single trip, shows that there is an average of twenty-six trips per day on which no passengers are carried between these points. This study further shows that the average number of passengers carried per single trip is 2.1, while the approximate local receipts per day is \$4.03. The majority of the residents of Canemah work at Oregon City and walk to and from their work, and while we do not wish to pass definitely upon the necessity for the continuance of this service, and would not attempt, nor do we desire at this time to order the permanent discontinuance thereof, yet we are of the present opinion that the convenience to those who do avail themselves of this service is greatly over-balanced by the hazard caused thereby to the travelers on the highway. We are, therefore, of the opinion that the public good will be best served by a temporary discontinuance of service over this line. The tracks and facilities of the railroad company should, however, remain intact, so that service thereover may be resumed at such time in the future as conditions will warrant.

From a full consideration of the foregoing facts and of the entire record herein the Commission is of the opinion and finds:

1. That with the limited width of the Pacific Highway as now established between Oregon City and Canemah, automobile and interurban railway traffic can not pass thereover with safety, and that such condition constitutes an extreme hazard.
2. That the operation of interurban passenger cars or trains over the railway line of the Portland Railway, Light & Power Company between Engineer's Station 479 in Oregon City and the end of the line near Canemah should be temporarily discontinued, pending further order of this Commission.

3. That said line of railway should not be removed, but should remain in its present location and be kept in repair so that traffic thereover may be resumed at such time as conditions warrant.

4. That all freight movements over the said tracks should be made under flag.

5. That ten days from and after the date hereof is a reasonable time for this order to become effective.

#### ORDER

Based upon the foregoing opinion and findings, IT IS ORDERED that within ten days from and after the date hereof, the Portland Railway, Light & Power Company shall discontinue temporarily, and until further order of this Commission, the operation of Interurban passenger cars or trains over its railway line between Engineer's Station 479 in Oregon City and the end of its line near Canemah.

Provided, however, that with the permission of this Commission, and providing all possible safeguards are thrown around such movements, special trains may be operated thereover upon special occasions; and,

Provided further, that said line of railway shall not be removed but shall remain in its present location and be kept in repair so that traffic thereover may be resumed at such time as conditions warrant.

IT IS FURTHER ORDERED that all freight movements over said tracks shall be made under flag.

In the matter of the application of the Coos Bay Boom Company, an Oregon corporation, for a franchise on the Coquille river, for the purpose of driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products. } No. L-F-4

(ORDER ENTERED JUNE 20, 1919—P. S. C. ORDER NO. 519)

Application by the Coos Bay Boom Company for a franchise for the purpose of catching, booming, sorting, holding and handling logs and other timber products upon the Coquille river. Granted.

#### Appearances

For Coos Bay Boom Company, A. C. Shaw and John C. Kendall, attorneys.

On the thirteenth day of July, 1917, there was filed with the corporation commissioner of the state of Oregon, by the Coos Bay Boom Company, articles of incorporation embracing the provisions of Chapter 128 of the General Laws of Oregon for the year 1917, and on the same date there was also filed with this Commission by said company an application for a franchise for the purpose of driving, catching, booming, sorting, rafting and holding logs, lumber and other timber products on the Coquille river, in Coos county, Oregon, said application stating generally the character of such improvements as were desired to be made. Accompanying such application there was filed a map showing the part of said stream sought to be improved.

Subsequent thereto, and on the twentieth day of August, 1917, the Commission gave notice of a hearing to be held upon said application at the court house in the city of Coquille, Oregon, on Tuesday, the second day of October, 1917, copies of which notice were posted in six conspicuous places along the course of the portion of the stream sought to be improved; and published for at least four weeks in the Coos Bay Times, a daily newspaper of general circulation, published and issued daily, except Sunday, and regularly, at the city of Marshfield, Coos county, Oregon, said county being the one in which the stream, or portion thereof desired to be improved, is situated.

Pursuant to such notice this matter came on regularly for hearing before this Commission at the court house in the city of Coquille, Oregon, on Tuesday, the second day of October, 1917, at which time and place testimony and proofs were offered and received.

At the time of such hearing, permission was asked by the applicant herein, to amend its application by striking out the words "driving" and "rafting," which permission was granted by the Commission, and the application was so amended.

From the record it appears that the Coos Bay Boom Company, the applicant herein, expects to acquire, by rental or otherwise, the use of the booms of the C. A. Smith Lumber Manufacturing Company known as the Cedar Point Booms, on the Coquille river in sections 2 and 3, township 28 south, range 13 west, which booms are located at or near what is known as Cedar Point Landing; and to thereafter maintain and operate said booms, and to build, maintain and operate such additional storage booms as may be necessary in the conduct of its business of catching, booming, sorting, holding and handling logs and other timber products.

The record also indicates that the booms in question were built approximately fourteen years ago, and have been owned and operated by C. A. Smith Lumber Manufacturing Company, an allied corporation of the applicant, for the past seven years. Said C. A. Smith Lumber Manufacturing Company also maintains and operates at the location of these booms a loading works, by the use of which it removes the logs from the booms and loads them on cars for transportation by rail to its mills on Coos Bay.

The principal part of the business handled at these booms in the past, amounting to between eight and twelve million feet of logs and other timber products, has consisted of the handling of their own logs, and it is quite probable that the principal portion of the future business of the applicant will consist of the handling of the logs of its allied corporations. However, there are numerous smaller logging companies and private parties logging on the river who have in the past used, and will undoubtedly continue to use the booming and other facilities here under consideration. No objection has been made by these smaller operators, or, in fact, by any one, to the granting of this franchise, and from the record it would appear that it is the desire of all interested parties that it should be granted.

It does not appear from the record that the rights or interests of the public, or of any one, will be injuriously affected by the granting of this franchise.

After the hearing herein had been held, investigation disclosed that notice of the time and place thereof had not been served, either personally or by publication, upon each person, association or corporation, owning or operating any dam or boom in the stream for which franchise is desired, and while it appears that such parties had received notice through the general notice published, or otherwise, the provisions of the statute not having been strictly complied with, in order to correct this irregularity contracts have recently been entered into by and between the applicant Coos Bay Boom Company and all persons, firms or corporations owning or operating any booms or dams upon the Coquille river, wherein said parties waive the irregularity and lack of notice and consent to the granting of this franchise. Such contracts are on file herein and a part of the record in this case.

Based upon the record before it, and upon all the testimony and evidence offered and received herein,

IT IS ORDERED that the Coos Bay Boom Company be, and it hereby is, granted a franchise to catch, boom, sort, hold and handle logs, lumber and other timber products in and upon the waters of the Coquille river, at the booms known as the Cedar Point Booms, in sections 2 and 3, township 28 south, range 13 west, at or near the point known as Cedar Point Landing; and to maintain said booms, and to construct, maintain and operate such additional storage booms as may be necessary in the conduct of its business of catching, booming, sorting, holding and handling logs, lumber and other timber products at the above location.

Provided, however, that said Coos Bay Boom Company, in operating under the franchise here granted shall not interfere with the construction when justly compensated, or with the maintenance or operation of any dam or power works constructed in such stream for the purpose of supplying the public with electric energy; and,

Provided further, that the Coos Bay Boom Company shall, ten days before beginning operations under this franchise, file with this Commission printed schedules showing all rates and charges for the catching, booming, sorting, holding and handling of logs, lumber and other timber products and any service in connection therewith which it has established, and shall, within thirty

days from the receipt of this order, file its acceptance of the terms thereof. The schedule shall embrace rules and regulations in any manner affecting the rates charged or to be charged for such service and failure to so file such schedules and acceptance shall render this franchise null and void.

The rights herein granted are subservient to the laws of the United States and of the state of Oregon and subject to the rules and regulations of this commission now adopted and in force, or hereafter promulgated.

Reference is hereby made to the blue print map filed herein for greater certainty as to the location of the booms and improvements herein referred to.

In the matter of the investigation of service connection and moving charges for telephone companies operating in the State of Oregon which have been released from federal control by virtue of Orders No. 3175 and 3178 of the Postmaster General. (Investigation on Commission's own motion.) } No. U-F-260

(ORDER ENTERED JULY 1, 1919—P. S. C. ORDER NO. 522)

#### ORDER

It appearing that there has been established by the Postmaster General, in connection with his operation and control of the various telephone properties throughout the United States, certain service connection and moving charges, which said charges have been and are now being charged, imposed and collected generally by the various telephone companies throughout the state of Oregon; and

It appearing that by the provisions of Orders No. 3175 and 3178 of the said Postmaster General all telephone companies which have not entered into compensation agreements with the said Postmaster General may be, or have been, at their option, released from active Federal control and operation, and on or before the first day of July, 1919, will have reverted to private control and operation; and

The Commission having on this date entered upon a general investigation, on its own motion, of the various installation and moving charges of the respective companies for the purpose of determining and establishing just, reasonable and uniform maximum installation and moving charges to be followed, imposed and collected by such telephone companies in the future; and

It further appearing that, by reason of the great confusion which will necessarily result on account of the return of these utilities from Federal to private control, an emergency exists and that the interests of the public generally and of the various telephone companies released or to be released from Federal control require the continuance, for a temporary period, of the installation and moving charges inaugurated by order of the Postmaster General;

An emergency is, therefore, adjudged and declared to exist, and all telephone companies operating within the state of Oregon which have been released from Federal control are hereby authorized and permitted to continue to charge, impose and collect, for a temporary period only and until this Commission shall have completed its investigation herein and established just and reasonable service connection and moving charges to be imposed in lieu thereof, the service connection and moving charges heretofore authorized and inaugurated by order of the Postmaster General and now in effect.

Provided, however, that this order shall not be construed as applying to or in anywise affecting any service connection or moving charges heretofore fixed by order of this Commission and now in effect.

Application of PORTLAND RAILWAY, LIGHT & POWER }  
COMPANY for increase in gas lighting and heating } No. U-F-225  
rates in the city of Salem, Oregon.

(ORDER ENTERED JULY 8, 1919—P. S. C. ORDER NO. 524)

#### FINDINGS AND ORDER

The Portland Railway, Light & Power Company, hereinafter at times referred to as the Gas Company, a corporation organized and doing business under the laws of Oregon, and owning and operating a gas plant at Salem, Oregon, state in their application for increase in rates that the operating income of said plant

for the calendar year of 1917 was less than the annual fixed charges. After a recital of the plant valuation (made by the Commission and reported in P. S. C. Order No. 191, U-F 47); the increased cost of material, supplies and labor; the need for immediate plant improvements; and the difficulty of raising needed capital for such improvements; they allege that the present rates are unreasonable, insufficient, inadequate and unjust and should be discontinued, and ask that the Commission establish a new tariff and grant fair, reasonable and just rates in lieu thereof.

Pursuant to due notice to interested parties the matter came on regularly for hearing at the Commission's office at Salem, Oregon, on September 3, 1918, and the following appearances were entered:

For applicant: Griffith, Lefter & Allen.

For the city of Salem: B. W. Macy, city attorney.

### PROPERTY IN USE

The valuation of the gas plant for rate-making purposes was made by the Commission as of December 31, 1916, and reflects normal or pre-war values; to which has been added the costs of additions and betterments made since that date. This valuation includes only the property that is used, useful and necessary in the service of gas consumers of this company.

P. S. C. Order No. 191, U-F 47, value as of December 31, 1916, ..... \$211,797.24

Additions to plant during 1917:

G 207 Gas plant .....	\$ 275.56	
G 214 Benches and retorts .....	653.26	
G 217 Accessory equipment .....	222.13	
G 223 Mains .....	222.63	
G 224 Services .....	888.35	
G 225 Meters .....	1,607.31	
G 230 Arc lamps .....	14.54	
Total .....	\$3,883.54	
Less deductions .....	104.00	3,779.54

Value of the gas utility as of December 31, 1917 ..... \$215,576.78

### BONDED INDEBTEDNESS

The bonded indebtedness of the Portland Railway, Light & Power Company assignable to the gas plant at Salem is \$148,350, or 69 per cent of the value of the plant as determined by the Commission. The annual interest charge accruing on these bonds amounts to \$7,840.

### PRESENT RATES

The rates charged since January 15, 1913, by the Gas Company are as follows:

#### Rate

First 30,000 cubic feet of monthly consumption, \$1.60 per 1,000 cubic feet.

All monthly consumption in excess of 40,000 cubic feet, \$1.50 per 1,000 cubic feet.

#### Minimum Charge

\$.50 per month, providing service pipe is in, or consumer pays for installation of same, otherwise, \$1.00 per month for the first year. After the first year of continuous service, this charge will be reduced to \$.50 per month.

#### Discount for Prompt Payment

A cash discount of ten cents (10c) per 1,000 cubic feet will be allowed if bills are paid on or before 10 days from date of bill.

With these rates in effect the net result of the Gas Company's operations since June 30, 1913, was an operating loss: i. e., the revenues were short of meeting operating expenses, taxes and depreciation by the sum of \$1,837.83. In the above calculation the interest charges already determined as assignable to

gas utility operations have not been included. If we add the interest charges during the Portland Railway, Light & Power Company's ownership of this plant, 6 1/12 years to the date of this calculation, to the operating loss of \$1,837.83, the loss to the petitioner from the ownership and operation of the gas utility is then found to be \$49,531.16.

If all operating expenses and fixed charges including interest had been met in 1917 the rate needed to have accomplished this would have been \$2.31 per 1,000 cubic feet on the gas consumed. Not only is the revenue from present rates inadequate to meet the bond interest assignable to the gas utility, but analysis also shows that it does not cover the operating expenses with depreciation included and that an actual loss is encountered in the sale of each cubic foot of gas.

The following exhibit shows the operating expenses and income statement by years from July 1, 1913, to December 31, 1918.

**STATEMENT OF OPERATING REVENUES; OPERATING EXPENSES AND  
INCOME STATEMENT BY YEARS FROM JULY 1, 1913, TO JANUARY  
1, 1918, TOGETHER WITH AN ESTIMATE FOR THE YEAR 1918**

<b>REVENUES</b>					
	Year Ending 6-30-14	Year Ending 6-30-15	Year Ending 6-30-16	Year Ending 12-1-17	Year Ending 12-1-18
Sale of gas .....	\$25,145.86	\$25,942.25	\$27,104.32	\$29,865.27	\$30,174.47
Miscellaneous revenues .....	7,412.17	8,319.22	7,771.25	9,305.55	11,545.60
<b>Total .....</b>	<b>\$32,558.03</b>	<b>\$34,261.47</b>	<b>\$34,875.57</b>	<b>\$38,990.82</b>	<b>\$41,720.07</b>
<b>EXPENSES</b>					
Production .....	\$19,956.99	\$20,633.75	\$19,253.64	\$22,851.56	\$28,684.64
Transmission expenses .....	54.77	114.35	129.15	140.81	67.81
Distribution expenses .....	4,149.23	1,625.54	1,523.72	2,157.73	1,838.73
Utilization expenses .....	851.58	755.43	768.72	552.76	473.12
Commercial expenses .....	1,367.69	2,921.45	3,209.33	1,943.94	2,003.32
General miscellaneous expenses .....	4,706.18	3,156.24	3,103.62	2,967.31	3,910.58
Undistributed expenses .....	224.40	304.85	319.45	263.93	290.68
<b>Total operating expenses .....</b>	<b>\$31,310.84</b>	<b>\$29,511.61</b>	<b>\$28,607.63</b>	<b>\$30,879.04</b>	<b>\$37,268.88</b>
<b>INCOME STATEMENT</b>					
G 301 Operating revenues .....	\$32,558.03	\$34,261.47	\$34,857.57	\$38,990.82	\$41,720.07
G 302 Operating expenses .....	31,310.84	29,511.61	28,607.63	30,879.04	37,268.88
(Not including depreciation)					
Net operating revenue .....	\$ 1,247.19	\$ 4,749.86	\$ 6,267.94	\$ 8,111.78	\$ 4,451.19
G 303 Taxes .....	\$ 1,981.94	\$ 1,788.83	\$ 1,909.44	\$ 2,029.88	\$ 2,008.36
G 304 Uncollectible operating revenue .....				197.91	149.43
Total deductions from net operating rev.	\$ 1,981.94	\$ 1,788.83	\$ 1,909.44	\$ 2,227.79	\$ 2,157.79
Operating income (or loss) no allowance for depreciation ..	\$ 734.75	\$ 2,961.03	\$ 4,358.50	\$ 5,883.99	\$ 2,293.40
Commission's require- ment (May 31, 1916) for deprec.	3,320.00	3,320.00	3,320.00	3,320.00	3,320.00
Operating income (or loss) return rec'd	\$(4,054.75)	\$(358.97)	\$ 1,038.50	\$ 2,563.99	\$(1,026.60)

The Commission's requirement for depreciation was fixed in its Order No. 92, May 31, 1916. The valuation since 1914 has changed to so slight an extent, relatively, that this requirement has been used for the period covered by the foregoing tabulation. The utility was on April 30, 1917, allowed to modify this requirement, due to its financial condition. In its exhibits the utility included donations, amounting to a total of \$375.45, as a deduction from net operating revenue. Although small in amount, attention is here called to the requirement of our Uniform Classification of Accounts that such charges should be made to Account 353-A, "Expenses Unprovided for Elsewhere."

The operating expenses of the Gas Company do not include any of the salaries or expenses of the general officers or general office clerks at the Portland office, and the division of the salaries and expenses at the Salem office between the gas and electric plants is fairly pro-rated on the basis of sales and number of customers and, therefore, is less than if the companies were managed separately.

The evidence submitted showed the increase in the government regulated prices of coal and freight was considerable and a decided factor in the increased cost of making gas, and was not a matter within the control of the Gas Company.

Prices have increased steadily in 1918, and at the time of and since the hearing are above the average for 1918 as shown in the report for that year. The labor cost at the plant has advanced over \$650 in the current year over that of 1917, and the increase in other expenses, such as repairs, oil, and supplies, has been shown to be at the rate of about \$1,250 per year. As tabulated below, this will make an added total operating cost to the Gas Company of \$8,455.00 per year:

Coal per ton—Present prices .....	\$8.45	
Coal per ton—Average for 1917 .....	5.60	
Increased cost per ton .....	\$2.85	
2300 tons annual coal consumption times \$2.85 .....		\$6,555.00
Added labor cost at plant .....		650.00
Repairs, oil, supplies, etc. ....		1,250.00
Added operating cost over 1917 .....		\$8,455.00

During 1917 the company sold 19,250,000 cubic feet of gas. As indicated above, the increased gas rate required to meet the above added operating costs alone would be over \$ .40 per thousand cubic feet.

#### PLANT IMPROVEMENTS NEEDED

The capacity of the present plant is not in excess of the needs of the consumers and the present sales of gas, but is deficient in the size of its carbonizing benches. The plant contains two benches and these are now overworked, so that the best economy is not possible during the peaks in consumption in the manufacture of gas, and with the possibility of a slight mishap to one of the benches the other gas making unit would be unable to carry the load, and the customers of the company would suffer. This condition should not be permitted to continue, because the users are entitled to have a dependable supply. We find it necessary that the Gas Company install an additional gas making unit without delay, as the reflected economy of operation will make this a just, reasonable and necessary plant improvement.

#### CONCLUSION

It is axiomatic that any utility that is judiciously conceived, honestly constructed and efficiently managed should be permitted a fair return to its investors provided this return does not require a rate in excess of the value of the service rendered, for such a rate would defeat the object sought. We believe that the consumers of Salem desire to continue to use a good grade of gas delivered under proper conditions, and to this end coal, oil and other supplies must be procured and paid for; that the wear and tear on the plant must be kept up, or soon the plant cannot be operated efficiently and the cost of the manufacture of gas will become prohibitive; that the employees are entitled to be paid at current rate of wages; that the credit of the organization must be maintained and that to deny relief does not necessarily mean maintenance of low rates, but may mean the dissolution of the plant and complete suspension of service.



To now fix a rate that will compensate the Gas Company for all of operating costs including depreciation and bond interest would require a rate which this Commission believes would defeat the purpose through too great a loss of customers and gas sales.

On the other hand from a comparative study of the increased cost of gas with the increased cost of competing products such as wood and coal, and considering the relative convenience in the application of these various classes of fuel, we are inclined to believe that the rates hereinafter prescribed are reasonable for the consumer from the standpoint from both the value of the service to be rendered under them and the cost of that service to its producer.

\* \* \* \* \*

From a full consideration of the foregoing elements and the record in this case, the Commission finds the existing rates for gas in the city of Salem as supplied by the petitioner are unreasonable and unjust, and that under the existing conditions the following are just, reasonable and not unjustly discriminatory maximum rates to be substituted in lieu thereof:

#### *Rate*

First 10,000 cubic feet of monthly consumption, \$2.00 per thousand cubic feet.  
Next 10,000 cubic feet of monthly consumption, \$1.90 per thousand cubic feet.  
All over 20,000 cubic feet of monthly consumption, \$1.80 per thousand cu. feet.  
Minimum monthly bill, \$.75.

#### *Discount for Prompt Payment*

A cash discount of 10 cents per thousand cubic feet will be allowed on all bills excepting the minimum if paid at the company's office on or before ten days from date of the issuance of the bill.

IT IS, THEREFORE, ORDERED that the petitioner be and it is hereby authorized to discontinue its present rates hereinbefore found to be unreasonable and to substitute in lieu thereof a schedule of rates which shall not exceed the maximum rates hereinbefore found to be just, reasonable and not unjustly discriminatory.

IT IS FURTHER ORDERED that immediately upon its acceptance of the provisions herewith the petitioner shall publish and file, according to law and the rules of this Commission, a tariff, or a supplement to its present tariff, setting forth the rates herein prescribed, and shall thereafter do all the matters and things necessary for the carrying out of the spirit of this order.

AND IT IS FURTHER ORDERED that the company shall within six months after date of this order install and have ready for operation an additional gas generating unit herein found necessary.

A reasonable date for this order to become effective is July 15, 1919.

In the matter of the application of the YAUQUINA BAY  
RAILWAY & LUMBER COMPANY for authority to in- } No. U-F-238  
crease electric rates.

(ORDER ENTERED AUGUST 6, 1919—P. S. C. ORDER NO. 525)

#### OPINION AND ORDER

This is an application brought by the Yaquina Bay Railway & Lumber Company for authority to increase its rates for electric service in the cities of Newport and Toledo, Lincoln county, Oregon. Pursuant to due notice to interested parties hearing was regularly held hereon at Toledo on the 7th day of March, 1919, at which time and place testimony was taken and all interested parties given an opportunity to be heard. Applicant appeared by Jay L. Lewis, its attorney, the city of Toledo by Edw. J. Clark, its attorney, and R. D. Burgess, its mayor, and other appearances being Hon. B. F. Jones, A. T. Peterson, R. H. Howell, and J. W. Dunn. All testimony having been taken the matter is now fully submitted.

Practically the only rates in issue here are the rates for residential and commercial lighting, the only other modifications requested being a reduction in the minimum charge for the first twenty-five horsepower for industrial power.

The rates now in effect for residential and commercial lighting and the minimum charges for industrial power in the cities of Newport and Toledo are as follows:

**Meter Rate**

First 10 kilowatt hours per month .....	14 cents per kilowatt hour
Next 20 kilowatt hours per month .....	12 cents per kilowatt hour
Next 20 kilowatt hours per month .....	10 cents per kilowatt hour
All over 50 kilowatt hours per month .....	8 cents per kilowatt hour
Minimum charge, \$1.00 per month.	

**Flat Rate**

One 16 candle power lamp .....	\$1.00 per month
Two 16 candle power lamps .....	1.60 per month
Three 16 candle power lamps .....	2.25 per month
Each 16 candle power lamp over three .....	.60 per month
Minimum charge .....	1.00 per month

**Industrial Power—Meter Rate—Minimum Monthly Charge**

1 to 3 horsepower connected .....	\$2.50 per horsepower
4 to 15 horsepower connected .....	2.00 per horsepower
15 to 25 horsepower connected .....	1.50 per horsepower
25 to 35 horsepower connected .....	1.00 per horsepower
35 to 50 horsepower connected .....	.80 per horsepower
51 to 100 horsepower connected .....	.60 per horsepower
Over 100 horsepower connected .....	.50 per horsepower

Applicant has requested authority to establish the following schedule of rates for residential and commercial lighting, and for minimum charges for industrial power.

**Meter Rates**

First 10 kilowatt hours per month .....	15 cents per kilowatt hour
Next 20 kilowatt hours per month .....	14 cents per kilowatt hour
Next 20 kilowatt hours per month .....	12 cents per kilowatt hour
All over 50 kilowatt hours per month .....	10 cents per kilowatt hour
Minimum charge, \$1.00 per month.	

**Flat Rates**

One outlet not to exceed 60 watts .....	\$1.00
Two outlets not to exceed 100 watts .....	1.20
Three outlets not to exceed 140 watts .....	1.60
Four outlets not to exceed 180 watts .....	2.00
All outlets above four, 1 cent per watt of lamp installation.	

**Industrial Power—Meter Rate—Minimum Monthly Charge**

One to 25 h. p. connected .....	\$1.25 per h. p. per month
25 to 35 h. p. connected .....	1.00 per h. p. per month
35 to 50 h. p. connected .....	.80 per h. p. per month
51 to 100 h. p. connected .....	.60 per h. p. per month
Over 100 h. p. connected .....	.50 per h. p. per month

This case as presented by the utility is not sufficiently complete to justify the Commission in rendering a decision concerning the complete application for we must depend largely on the annual reports submitted to the Commission in the regular manner. Ordinarily, in an investigation following such an application, these reports are verified from the books and accounts of the utility. The applicant testified that the physical property only was transferred to the Yaquina Bay Railway & Lumber Company from the Yaquina Bay Electric Company. No books of record of the former company were available. The Commission strongly condemns such a practice. The accounting records required to be kept by this Commission should always remain with the physical property of a utility in order that the annual reports and other information pertinent to a rate case may be verified in case of investigation. The Commission's staff was consequently unable to verify the figures of previous annual reports.

Because complete fuel records were not available it was not possible to state what the normal fuel costs should be were the proper market prices to be charged for this fuel.

Testimony was to the effect that the new management contemplated the immediate installation of additional boiler capacity and a large steam turbine and use this increased power plant of the utility for furnishing electrical energy for

saw mill operation. Hog fuel, mostly waste from the mill operations, will be used to supplant the slab wood and dimension lumber. With this method of operation it will be necessary for the owners to install adequate metering facilities to ascertain; both the total number of kilowatt hours generated from the hog fuel, to serve as a basis for fuel charge, and also the electric energy furnished the mill operations.

From the foregoing it is apparent that past operations will be worth but little as a guide for future operating costs. The rates requested by applicant are inequitable in that they provide no difference in charge per kilowatt hour for customers of varying demand in either the metered lighting schedule or the metered power rate. The applicant has presented no testimony concerning the detail of its existing business, which is necessary before proper rates may be established. The applicant was requested just following the hearing to supply this discrepancy. This request is still unanswered at this date. Further, the issuance of this order has been delayed pending the receipt of the annual report for the year ending December 31, 1918, which should have been submitted on or before April 1. At this writing such report, although presented, was not properly vouched for by responsible officers.

From the foregoing it is evident that the Commission has insufficient information upon which to base an order for a complete rate revision or to establish proper meter rates. It is evident, notwithstanding the poor record of the applicant in this case, that it is entitled to some relief, especially from the application of its present flat rate schedule. This utility operates under unusual conditions. The city of Newport and the adjacent territory is a seaside summer resort and consequently has a large summer population. In consequence a considerable portion of this utility's distribution system is used for serving these transient customers. Obviously metered service with the attendant cost of setting, reading, and removing meters, computing bills, etc., for temporary customers, is not an expedient or economical service and flat rates consequently have and should prevail for this service. The applicant has requested a form for this flat rate service which is apparently an improvement over the present rate, and which the Commission will hereinafter permit to be placed in effect.

\* \* \* \* \*

This utility has asked for an increase of rates with the idea of increasing its operating income, or return. The stable, more continuous user should not bear the burden of an additional operating expense that could be directly placed upon the customer causing it. Consequently to correct the condition above stated the Commission believes that an installation charge for metered service of \$2.50, payable on application for service, will permit those intending to use continuous service to pay for the special cost of initiating that service and thereafter to obtain the proper rate for such service. The temporary user will find it financially expedient to take the flat rate service intended for his use. There will be no additional payment for disconnection and final reading of meter.

The applicant will hereafter keep separate account of the above sources of revenue and report to this Commission in an account styled "E-420 Installation and Connection Charges." (a) The amount of such revenue derived from flat rate customers. (b) The amount of such revenue derived from metered customers.

\* \* \* \* \*

As hereinbefore indicated the Commission will dismiss without prejudice the application for advanced meter rates due to insufficient information. This is done with the suggestion that another application be made as soon as possible after the thirty-first day of December, 1919, or such later date as the new operating conditions will have become sufficiently normal to serve as an indication of future operations. This application should be substantiated by a valuation of the entire utility properties and by such other information as has already been or may be requested by the Commission. The operating costs of the improved generating plant should be shown separate from those preceding its complete installation.

From a full consideration of the foregoing facts and of the entire record herein, the Commission finds that the present rates in so far as they do not agree with those below set forth are unjust, unreasonable and unjustly discriminatory and that just, reasonable and nondiscriminatory rates are as follows:

**Flat Rate—Lighting Service**

One outlet not to exceed 60 watts .....	\$1.00
Two outlets not to exceed 100 watts .....	1.20
Three outlets not to exceed 140 watts .....	1.60
Four outlets not to exceed 180 watts .....	2.00
All outlets above four, 1 cent per watt of lamp installation.	

**Installation and Connection Charges**

For connection and disconnection of flat rate service, payable in advance \$ .50  
 For initial meter installations for metered service, payable in advance .... 2.50

**Industrial Power—Meter Rate—Minimum Monthly Charge**

First 3 h. p. ....	\$1.50 per h. p. per month
Next 12 h. p. ....	1.25 per h. p. per month
Next 35 h. p. ....	1.00 per h. p. per month
Over 50 h. p. ....	.80 per h. p. per month
No minimum for three phase installation less than \$3.00 per month.	

The Commission further finds that sufficient evidence has not been presented to justify granting the application for increased meter rates and the application in so far as it applies to this rate is dismissed without prejudice.

Based upon the foregoing opinion and findings, IT IS ORDERED that the applicant Yaquina Bay Railway & Lumber Company, or its successor, is hereby permitted to place in effect as a maximum charge, the rates hereinbefore found to be just, reasonable, and not unjustly discriminatory.

IT IS FURTHER ORDERED that within thirty days from date the applicant will submit a plan for keeping its utility accounts in such manner as to be readily identified and separate from its nonutility operations.

This order shall become effective on the fifteenth day of August, 1919.

In the matter of the application of OREGON POWER COM- } No. U-F-228  
 PANY for authority to increase rates.

(ORDER ENTERED AUGUST 9, 1919—P. S. C. ORDER NO. 528)

**OPINION AND ORDER**

This matter is before the Commission upon the application of the Oregon Power Company for authority to increase its gas rates in the cities of Marshfield and North Bend. These cities are both served by the same plant, which is hereinafter designated as the "Coos Bay Plant."

Pursuant to due notice to interested parties, hearing was held hereon at the city hall in the city of Marshfield on the 22nd day of November, 1918, the applicant appearing by B. S. Grosscup and by Goss & Kendall, its attorneys, the city of Marshfield appearing by J. T. Brand, its city attorney, and the city of North Bend appearing by A. H. Derbyshire, its city attorney. At this time and place testimony was taken, exhibits were offered and received, and all interested parties fully heard hereon. The matter is now fully submitted and ready for decision.

**HISTORY OF THE COMPANY**

Under a franchise granted to Seymour H. Bell, the gas plant was erected in 1907 at North Bend to serve that city and the city of Marshfield. Originally this plant had a capacity of 130,000 cubic feet daily, but later an additional machine with a capacity of 150,000 cubic feet daily was added, giving a total capacity at present of 280,000 cubic feet per day.

The property became a part of the Coos Bay Gas & Electric Company, which was purchased by H. M. Byllesby & Company in February, 1910, and became at that time a part of the Northern Idaho and Montana Power Company. This gas plant, together with the electric light and power business of Marshfield, North Bend and adjacent communities, became the Coos Bay Division of the Northern Idaho & Montana Power Company and was operated under a lease by the Oregon Power Company, a corporation organized for the purpose of operating the properties of its parent company, which were located in Oregon.

In December, 1916, the Northern Idaho & Montana Power Company was placed in the hands of a receiver, who operated it until January 1, 1918. The property was then sold at receiver's sale and the new company, the Mountain States Power Company, acquired ownership on that date, January 1, 1918. It was operated from that time until October 1, 1918, by the Oregon Power Company, when the lease under which this company operated expired, since which time the property has been operated by the owners, the Mountain States Power Company.

### DESCRIPTION OF SYSTEM

The plant is an oil-gas type, which uses oil for both the heating of the machines and the making of the gas. The fuel used for the steam boiler is a resultant byproduct, lampblack. The present gas sales are not sufficient to permit continuous operation of the plant, so a shut down of several days a week is necessary. The oil storage tanks are located in the manufacturing yard and are connected by pipe-line to the wharf where ocean tank-steamers can deliver oil in cargo. The plant is also provided with a railroad spur connection with the tracks of the Southern Pacific Company.

### INCREASED COST OF OPERATION

Since the beginning of the war the price of oil has mounted steadily; in the California fields it has risen from 35 cents per barrel to \$1.35; laid down at Coos Bay from 90 cents to \$1.90 in cargo lots. The cost of oil when delivered by railroad tank cars so greatly exceeds the cost of oil when delivered by tank-steamer that it is essential for economical operation that the oil be purchased in cargo quantities. The only steamer of the Union Oil Company's fleet that can negotiate the bar at Coos Bay is the steamer "Whittier," and recently when the company was low on oil this steamer was not available, during which period railroad delivery of oil was made in tank cars at the high price named in the comparison below:

Cost of oil per barrel in Portland .....	\$1.85	
Railroad freight per barrel .....	1.27	
Total cost shipped by tank cars .....		\$3.12
Cost of oil per barrel at Oleum .....	\$1.60	
Steamboat freight in cargo lots .....	.30	
Total cost of oil delivered by steamer .....		\$1.90
Saving per barrel in cargo lots by steamboat .....		\$1.22

A cargo of oil consists of nine or ten thousand barrels and the annual amount of oil needed at the gas plant is about 4,000 barrels, or approximately one-half the cargo. The last cargo of oil purchased by the company was 9,291.15 barrels, which at \$1.90 per barrel equaled \$17,653.19, an investment in oil supply of 100 per cent in excess of that actually needed for their annual use in the manufacture of gas. They have been able to dispose of considerable quantities of this oil to a government dredge and in small quantities elsewhere, which has been the source of a substantial profit.

This profit from the sale of oil has been treated by the utility, in this case, as a nonoperating revenue, and the two storage tanks, pipe lines to wharf, and oil supply pump, have been excluded from the operating property in the valuation presented. The Commission cannot agree with this contention of the utility in excluding this property, normally necessary and normally a part of the utility plant, as a justification for treating a profitable "Miscellaneous Revenue from Operation" as a "Nonoperating Revenue." The regular utility organization attends to the sales and delivery of oil. The utility itself, in its annual report, has treated this profit as a Miscellaneous Revenue, and it will be so construed by the Commission. The excluded property should therefore be similarly treated and included in the valuation as operating property. This source of revenue is not considered in the light of a permanent one, yet it is considered to mitigate what would otherwise be a loss from operating alone.

The operating records at the Coos Bay plant show that the difference between the revenue received from gas manufactured and the total cost per thousand cubic feet for the year 1918, by months, was as follows:

1918	Per M cubic feet in cents	
	Profit	Loss
January .....	2.2	.....
February .....	.....	3.0
March .....	.....	12.1
April .....	17.9	.....
May .....	13.2	.....
June .....	.....	33.2
July .....	.....	18.1
August .....	.....	31.4
September .....	.....	23.1
October .....	.....	14.6
November .....	.....	3.7
December .....	.....	1.9
Average for year .....	.....	7.9

These cost items are made up as follows: gas plant wages, oil, boiler fuel and electric power, purification and water, plant maintenance, distribution cost, general expense, and taxes. Consequently no allowance for either depreciation or return on the investment is included in the foregoing tabulation.

It will be noted that for the month of June the cost of making gas exceeded the revenue from gas sales by 33 cents for every thousand cubic feet of gas made, and for August it was 31 cents. These unusual losses were checked to determine their cause, and it was found that the company did not carry a "suspense account" by which to pro-rate monthly such renewals of equipment for which the expense had been incurred during one month, but whose useful life extended several months. For instance, the cost of checker-bricking was charged wholly in the month that this work was done. The life of the checker-brick will exceed four months at this plant, therefore this cost should have been pro-rated over a period of four months, in order to avoid distortion of the monthly operating expense. The same principle applies to purifying material, which may last a year. It is the desire of this Commission that these and similar accounts be so handled in the future as to properly distribute these operating costs.

#### REVENUES

Following are tabulations of Operating Revenues and Expenses and Income Statement. As presented in evidence, the utility classed all its "Miscellaneous Revenues from Operations", including profit from oil sales heretofore mentioned, as "Nonoperating Revenues." This is contrary to the text of our Uniform Classification of Accounts, in accordance with which this utility had been reporting for six years, and is consequently an illadvised procedure. It has been corrected in the following tabulations. Uncollectible Operating Revenue has been included in Operating Expense instead of deducting it from Net Operating Revenue. Being included with other amounts, we can only indicate this error in the tabulation:

## STATEMENT OF OPERATING REVENUES AND EXPENSES

Revenues	1914	1915	1916	1917	1918
<i>Gas Sales</i>					
Commercial light, heat and power .....	\$16,470.20	\$15,103.55	\$13,258.75	\$13,909.80	\$15,921.70
Prepaid sales .....	318.50	267.95	464.60	464.80	569.55
Forfeited discounts .....	209.55	196.30	147.55	100.20	130.25
Total gross sale ....	\$16,998.25	\$15,567.80	\$13,730.90	\$14,474.80	\$16,621.50
Less discounts and adjustments .....	55.75	38.20	12.85	9.90	19.80
Total from sale of gas..	\$16,942.50	\$15,529.60	\$13,718.05	\$14,464.90	\$16,601.70
<i>Miscellaneous Revenues from Operation</i>					
Profit (or loss) on merchandise sales	\$ 273.46	\$ 118.51	\$ (40.41)	\$ 143.31	\$ 159.24
Other miscellaneous gas revenue .....	2,314.82	3,997.51	4,894.47	4,631.76	4,222.69
Total miscellaneous	\$ 2,588.28	\$ 4,116.02	\$ 4,854.06	\$ 4,775.07	\$ 4,381.93
Total revenue from operation .....	\$19,530.78	\$19,645.62	\$18,572.11	\$19,239.97	\$20,983.63
<i>Expenses</i>					
Production expenses ....	\$ 7,392.58	\$ 6,050.41	\$ 5,779.68	\$ 8,107.90	\$ 9,628.32
Distribution .....	1,354.92	1,477.27	1,368.66	2,575.45	1,143.61
Commercial and general includ. uncollectible	3,796.53	3,881.80	4,451.64	4,468.94	5,035.49
Total .....	\$12,544.03	\$11,409.48	\$11,599.98	\$15,152.29	\$15,807.52

## INCOME STATEMENT

	1914	1915	1916	1917	1918
<i>Operating Income</i>					
Operating revenue .....	\$19,530.78	\$19,645.62	\$18,572.11	\$19,239.97	\$20,983.63
Operating expenses incl. uncollectible	12,544.03	11,409.48	11,599.98	15,152.29	15,807.52
Net operating revenue less uncollectible ..	\$ 6,986.75	\$ 8,236.14	\$ 6,972.13	\$ 4,087.68	\$ 5,176.11
Taxes .....	339.73	1,240.73	1,046.74	1,360.18	1,713.71
Operating income (or loss) not including depreciation .....	\$ 6,647.02	\$ 6,995.41	\$ 5,925.39	\$ 2,727.50	\$ 3,462.40
Depreciation (estab. at 2.5 per cent) ....	3,326.37	3,344.35	3,366.94	3,462.40	3,499.65
Operating income (or loss) return on investment .....	\$ 3,320.65	\$ 3,651.06	\$ 2,558.45	\$ (734.90)	\$ (37.25)

Depreciation in the foregoing tabulation is estimated at 2.5 per cent. Considering the climatic conditions, this may be considered as reasonably conservative. It is to be noted, however, that in its exhibits, as in the foregoing tabulation, the utility shows its depreciation as a deduction from income. No provision for depreciation has ever been made by this utility in its annual report to the Commission. Our Uniform Classification of Accounts and our Annual Report forms provide for the inclusion of depreciation as an operating expense account.

## VALUATION

This gas utility was only a portion of the property acquired by the present owners. Its original cost to either its present or previous owners could not be substantiated. As a basis of value the utility presented, as an exhibit, a valuation in which the reproduction cost new, based on normal, pre-war prices, was

claimed to be \$181,533.00. The reproduction cost new less depreciation was likewise set out as \$153,610.00. Due to the stress of similar work, the Commission's staff could not check the exhibit in sufficient detail to warrant us in determining a final value. Sufficient of the major items were investigated so that we are assured that the figures given are correct within reasonable limits, and entirely sufficient for the purpose of an order, hereinafter found to be limited to one year.

In this connection, attention is directed to the meager return now being received, and that any possible decrease in value from that above claimed could not be a determinant in the increase hereinafter allowed. The matter of final value will be determined at the time a permanent order is made.

### PAST AND PRESENT RATES

The rates in effect on January 1, 1911, were as follows:

#### *Gas Lighting and Fuel Rates*

Applying to Marshfield and North Bend, \$1.70 per thousand cubic feet.

Discount: 20 cents per thousand cubic feet if paid on or before the tenth of the month.

Minimum: Straight meters, \$1.00 per month.

Disconnection charge: \$1.00.

But the company, by an application to the Commission, voluntarily established a reduction in these rates in their tariff No. 3, effective date February 1, 1913:

#### *Gas Rates—Lighting and Fuel*

Applying to Marshfield and North Bend, Oregon:

First 10,000 cubic feet .....\$1.70 per thousand cubic feet

Next 10,000 cubic feet ..... 1.45 per thousand cubic feet

All over 20,000 cubic feet ..... 1.35 per thousand cubic feet

Discount: Twenty cents per thousand cubic feet if paid on or before the 12th of the month.

Reconnection charge: \$1.00.

Minimum, straight and meter: \$1.00 per month.

A supplement to this tariff was issued effective December 10, 1916, as below:

#### *Gas Heating Rates*

Applying to Marshfield and North Bend, Oregon:

Rate for gas for space heating and industrial uses: Seventy-five cents per thousand cubic feet.

Discount if bills are paid on or before the 12th of the month: Five cents per thousand cubic feet.

Minimum: \$1.00 per month net.

The purpose of these voluntary rate reductions was to popularize the use of gas and thereby to increase the volume of sales; this result, if attained, was expected to allow the company to operate more economically and ultimately prove a benefit to both the company and the consumers. The records of the company show that the expected increase in sales did not materialize, and the benefit of the reduction inured to the customers only.

### CONCLUSION

\* \* \*

The patrons of this gas utility should be assured of its continued operation and this can only be done by allowing the company such rates as are necessary to meet the increased costs of manufacture and allowance for accruing depreciation, and, if possible, give a fair return on the fair value of the property devoted to the public service. However, it should be evident that, in order not to defeat the purpose of such a change, the new rates must not exceed the value of the service rendered to the utility patrons.

However, while the applicant has shown that an increase in its rates is necessary in order to obtain a reasonable compensation for the service rendered, it has not sustained its application to increase its rates to the full extent which is asked.



## FINDINGS

Based upon the foregoing facts and upon the entire record herein, the Commission is of the opinion and finds that the rates now charged by the Mountain States Power Company for gas service in the cities of Marshfield and North Bend are unjust, unreasonable and inadequate, and that the following named rates are just, reasonable and not unjustly discriminatory maximum rates to be substituted in lieu thereof:

First 400 cubic feet, or less, per month, \$1.00.	
Next 2,600 cubic feet, per month .....	\$2.00 per thousand cubic feet
Next 7,000 cubic feet, per month .....	1.70 per thousand cubic feet
Next 15,000 cubic feet, per month .....	1.40 per thousand cubic feet
Excess over 25,000 cubic feet, per month .....	1.20 per thousand cubic feet

Reconnection charge: If customer's meter is removed because of nonpayment of bill, reconnection will be made, if desired, upon the payment of \$1.00 plus any amount then due the company.

## ORDER

Based upon the foregoing findings, IT IS ORDERED that the Mountain States Power Company be and it is hereby authorized to place in effect in the cities of Marshfield and North Bend, in lieu of its present rates for gas service, charges which shall not exceed those hereinbefore found to be just, reasonable and not unjustly discriminatory.

This order shall become effective on the twentieth day of August, 1919, and the applicant shall publish and file with the Commission, prior thereto, in the manner provided by law, a tariff, or a supplement to its present tariff, setting forth the rates not exceeding those herein prescribed, and shall thereafter do all the matters and things reasonably necessary for the carrying out of the spirit and intent of this order.

PROVIDED, HOWEVER, That the permission herein granted is of a temporary nature, and upon the expiration of a period of one year from and after the effective date hereon such right and authority shall cease to exist unless further extension shall be granted by this Commission.

In the matter of the application of OREGON POWER COMPANY for authority to increase rates. } No. U-F-229

(ORDER ENTERED AUGUST 9, 1919—P. S. C. ORDER NO. 529)

## OPINION AND ORDER

This matter is before the Commission upon the application of the Oregon Power Company for authority to increase its gas rates in the cities of Eugene and Springfield, Oregon, which cities are both served by the company's mains from a plant located in Eugene. Pursuant to due notice to interested parties hearing was held hereon at the courthouse in the city of Eugene on the twentieth day of November, 1918, the applicant appearing by B. S. Grosscup and by Smith & Bryson, its attorneys, and the city of Eugene appearing by O. H. Foster, city attorney, and C. O. Peterson, mayor. At this time and place testimony was taken, exhibits were offered and received, and all parties fully heard thereon. The matter is now fully submitted and ready for decision.

## HISTORY OF THE COMPANY

The gas plant at Eugene was constructed in 1906, consisting at that time of coal gas benches of six retorts each, a 20,000 cubic feet gas holder and a high pressure distributing system. It was a part of the properties of the Northwestern Corporation which operated public utilities in the states of Oregon and Washington. The Willamette division of the Northwestern Corporation included, in addition to the Eugene gas plant, the electric distributing system and street railway of Eugene, the electric plant and water system in Springfield and Albany, the electric distributing system in Corvallis, Dallas and Independence and the water system in Independence.

In May, 1910, the Northwestern Corporation was sold to the Northern Idaho & Montana Power Company, the new company immediately constructing in the city of Eugene a modern water gas plant of a capacity of 250,000 cubic feet per day and changing the high pressure system to low pressure, which change involved another considerable increase in capital investment in the laying of new and larger gas mains, some of which were replacements under hard surfaced streets.

In October, 1910, the Northern Idaho & Montana Power Company leased these properties to the Oregon Power Company, a corporation organized for the purpose of operating this and other properties of the parent company located in Oregon.

In 1911 the gas distributing system was extended to the town of Springfield and the town fairly well covered by a local system of mains.

The street railway system of Eugene was sold in 1910 and the local electric distributing system was sold to the city of Eugene in March, 1916. This left the company with only the gas property in Eugene.

In December, 1916, the Northern Idaho & Montana Power Company was placed in the hands of a receiver, who operated the same until January 1, 1918, when the property was sold at receiver's sale and a new company, the Mountain States Power Company, acquired ownership.

The Willamette valley properties, including the gas plant at Eugene, were operated by the Oregon Power Company until October 1, 1918, when the operating lease of the Oregon Power Company expired. Since that time the property has been operated by the owners, Mountain States Power Company.

#### DESCRIPTION OF SYSTEM

Careful inspection of the company's plant by the Commission engineer found same to be maintained as an efficient property and rendering reasonably satisfactory service to the consumers. The gas operating machinery was built in 1910 by the Western Gas Construction Company and consists of two units. The original gas holder of 20,000 cubic feet capacity is now being used for a relief holder and a new holder of 150,000 cubic feet capacity of the 2-lift type has been installed.

The plant is located on the banks of the Willamette river and has a spur connection with the tracks of the Southern Pacific Company. The operating capacity of the plant exceeds the present volume of sales to an extent that necessitates a shut down two days in the week.

#### INCOME STATEMENT

The revenues and expenses as submitted to us at the time of the hearing covered the years 1914 to 1917, inclusive, and for the first seven months in 1918. The remainder of the year is taken from the utility's annual report recently submitted, and verified. Following are tabulations of operating revenues and income statement. As presented in evidence the utility classed all its "Miscellaneous Revenues from Operation" as "Nonoperating Revenues." This is contrary to the text of our Uniform Classification of Accounts, in accordance with which this utility has been reporting for six years, and is consequently an ill advised procedure. Corrected as to this feature, the statements are as follows:

## STATEMENT OF OPERATING REVENUES AND EXPENSES

Revenues	1914	1915	1916	1917	1918
<b>Gas Sales</b>					
Commercial light, heat and power .....	\$27,974.31	\$26,465.08	\$25,139.37	\$24,203.80	\$24,257.32
Prepaid sales .....	10,503.83	9,023.21	9,041.56	9,873.76	9,736.82
Forfeited Discounts .....	260.91	318.29	263.02	195.28	210.10
Total gross sales ....	\$38,739.05	\$35,806.58	\$34,443.96	\$34,372.84	\$34,844.24
Less discounts and adjustments .....	125.95	337.73	188.34	57.18	52.08
Total from sale of gas .....	\$38,613.10	\$34,468.85	\$34,255.62	\$34,315.66	\$34,792.16
<b>Miscellaneous Revenue from Operation</b>					
Profit on merchandise sales .....	\$ 1,246.69	\$ 628.26	\$ 413.23	\$ 2,393.22	\$ 488.53
Other misc. gas revenues .....		1.00		180.00	248.73
Sale of residuals and by-products .....	33.35	20.20	80.90	28.63	32.35
Total miscellaneous .....	\$ 1,280.04	\$ 649.46	\$ 494.13	\$ 2,601.85	\$ 869.61
Total revenues from operation .....	\$39,893.14	\$36,118.31	\$34,749.75	\$36,917.51	\$35,661.77
<b>Expenses</b>					
Production .....	\$16,763.63	\$16,438.76	\$19,730.00	\$17,853.67	\$23,786.66
Transmission and distribution .....	2,632.66	2,665.68	2,757.80	2,007.15	2,329.96
Commercial and general incl. uncollectible ....	9,058.31	7,846.88	7,713.06	7,844.69	8,408.30
Total expense .....	\$28,454.60	\$26,951.32	\$30,200.86	\$27,705.51	\$34,524.92

## INCOME STATEMENT

	1914	1915	1916	1917	1918
<b>Operating Income</b>					
Operating revenue ....	\$39,893.14	\$36,118.31	\$34,749.75	\$36,917.51	\$35,661.77
Operating expenses incl. uncollectible .....	28,454.60	26,951.32	30,200.86	27,705.51	34,524.92
Net operating rev. less uncollectible .....	\$11,438.54	\$ 9,166.99	\$ 4,548.89	\$ 9,212.00	\$ 1,136.85
Taxes .....	3,211.67	2,450.31	2,626.14	2,992.02	1,941.28
Operating income (or loss) not incl. depreciation .....	\$ 8,226.87	\$ 6,716.68	\$ 1,922.75	\$ 6,219.98	\$ (804.43)
Depreciation (estab. at 1.6 per cent) .....	6,339.15	6,372.55	6,374.10	6,383.13	6,391.00
Total return (or loss) on investment .....	\$ 1,887.72	\$ 344.13	\$ (4,451.35)	\$ (516.18)	\$ (7,195.43)

The rate of accruing depreciation will vary according to the type of plant, its location, age, etc., and in the foregoing tabulations 1.6 per cent seems reasonably conservative. Although our uniform Classification of Accounts and our Annual Report forms provide for an allowance for depreciation as an operating expense, such allowance has never been considered in the annual reports previously submitted to the Commission.

## VALUATION

This gas utility was only a portion of the property acquired by the present owners. Its original cost to either its present or previous owners could not be substantiated. As a basis of value the utility presented, as an exhibit, a valuation in which the reproduction cost new, based upon normal, pre-war prices, was claimed to be \$450,710. The reproduction cost new less depreciation was likewise set out as \$399,307. Due to the stress of similar work, the Commission's staff could not check the exhibit in sufficient detail to warrant us in determining a final value. Sufficient of the major items were investigated so that we are assured that the figures given are correct within reasonable limits, and entirely sufficient for the purpose of an order, hereinafter found to be limited to one year.

With special reference to this feature, attention is called to the inadequate return now being received, and to the fact that any possible decrease in plant value from that above claimed by the applicant would not be a feature in the increase of rates hereinafter permitted. The final value of this utility will be determined at the time that a permanent order is made.

## GAS SALES

Some encouragement in the expansion of this utility's business is seen in the increased gas sales for the year 1918 over 1917. Following is a statement of the average daily output for the years 1914 to 1918, inclusive, and for three months of 1919:

1914 .....	86,657 cubic feet
1915 .....	82,544 cubic feet
1916 .....	85,987 cubic feet
1917 .....	79,146 cubic feet
1918 .....	82,960 cubic feet
1919 (3 months) .....	88,679 cubic feet

The loss per mile of main, however, has increased slightly over 1917, being 29,760 cubic feet as against 27,480 cubic feet.

A study of the monthly earnings and expenses of the system for the year 1918 discloses the fact that a deficit has occurred for that and several previous years and no funds are available from earnings for any return on the capital investment, and for the months of August to December, 1918, inclusive, and for the entire year the revenue from the sale of gas did not pay the bare out-of-pocket-cost of making the gas.

## PAST AND PRESENT RATES

On January 1, 1911, the company had in effect the following rates and charges:

*Gas Lighting and Fuel Rates*

Applying to Eugene Oregon, Oregon Railroad Commission No. 6, \$1.50 per thousand cubic feet.

Discount: Ten cents per thousand cubic feet if paid on or before tenth of the month.

Minimum Rates: Prepay meters, \$1.00 per month; straight meters, 50 cents per month.

Reconnection charge: \$1.00.

Effective February 1, 1911, the following rates were charged:

## OREGON RAILROAD COMMISSION No. 10

Rates in this tariff apply to Eugene and Springfield, Oregon.

*Gas Lighting and Fuel Rates*

First 10,000 cubic feet .....	\$1.50 per M cubic feet
Next 20,000 cubic feet .....	1.40 per M cubic feet
Next 30,000 cubic feet .....	1.30 per M cubic feet
Next 40,000 cubic feet .....	1.20 per M cubic feet
All over 100,000 cubic feet .....	1.10 per M cubic feet

Discount: Ten cents per thousand feet if paid on or before the 10th of the following month.

Minimum Rates: Straight meters, 50 cents per month; prepay meters, 50 cents per month.

Reconnection charge: \$1.00.

Along about November, 1913, The company, thinking it possible to increase their output by the reduction of the gas rates, voluntarily made application to the Commission for the following reduced rates, supplement No. 1 to their tariff O. R. C. No. 10; then filed therefore, was as follows:

Effective March 1, 1914, applying to Eugene and Springfield, Oregon.

#### Gas Lighting and Fuel Rates

First 5,000 cubic feet .....	\$1.50 per M cubic feet
Next 5,000 cubic feet .....	1.20 per M cubic feet
Next 5,000 cubic feet .....	1.10 per M cubic feet
Next 10,000 cubic feet .....	1.00 per M cubic feet
Next 25,000 cubic feet .....	.90 per M cubic feet
Next 50,000 cubic feet .....	.80 per M cubic feet
Next 50,000 cubic feet .....	.70 per M cubic feet
Next 100,000 cubic feet .....	.60 per M cubic feet
All in excess of 250,000 cubic feet .....	.50 per M cubic feet

The foregoing rates are subject to a discount of 10 per cent for cash payment at the company's office within ten days from the date of bill rendered.

Minimum charge: \$ .50 per month per meter installed.

Reconnection charge: If customer's meter is removed because of nonpayment of bill, reconnection will thereafter be made, if desired, upon payment of \$1.00 plus any amount then due the company.

The purpose of this voluntary rate reduction was to popularize the use of gas and thereby to increase the volume of sales; this result, if attained, was expected to allow the company to operate more economically and ultimately prove a benefit to both the company and the consumers. The records of the company show that the expected increase in sales did not materialize, and the benefit of the reduction inured to the customers only.

#### CONCLUSION

A minimum charge of fifty cents for gas service now being charged was, evidently, placed at that low figure to encourage the more general use of this service, rather than to pay for the cost of furnishing such service in small amounts. The Commission is assured, by its analysis of the municipally owned water system of Eugene, made under pre-war conditions in 1916, as well as from the study of the gas utility's operation cost, that there can be no justification for so small a charge. Even in as compactly populated city as Eugene, a minimum charge as low as seventy-five cents, with an allowance of three hundred cubic feet of gas is barely justified.

The patrons of this gas utility should be assured of its continued operation and this can only be done by allowing the company such rates as are necessary to meet the increased costs of manufacture, an allowance for accruing depreciation, and, if possible, give a fair return on the fair value of the property devoted to the public service. However, it should be evident, that in order not to defeat the purpose of such a change, the new rates must not exceed the value of the service rendered to the utility patrons.

However, while the applicant has shown that an increase in its rates is necessary in order to obtain a reasonable compensation for the service rendered, it has not sustained its application to increase its rates to the full amount applied for.

#### FINDINGS

Based upon the foregoing facts and upon the entire record herein, the Commission is of the opinion and finds that the rates now charged by the Mountain States Power Company for gas service in the cities of Eugene and Springfield are unjust, unreasonable and inadequate, and that the following named rates are just, reasonable and not unjustly discriminatory maximum rates to be substituted in lieu thereof:

First 300 cubic feet, or less, per month .....	\$ .75
Next 2,700 cubic feet, per month .....	1.90 per M cubic feet
Next 7,000 cubic feet, per month .....	1.50 per M cubic feet
Next 15,000 cubic feet, per month .....	1.20 per M cubic feet
Excess over 25,000 cubic feet, per month .....	1.00 per M cubic feet

**Reconnection charge:** If customer's meter is removed because of nonpayment of bill, reconnection will be made, if desired, upon the payment of \$1.00 plus any amount then due the company.

#### ORDER

Based upon the foregoing findings, IT IS ORDERED that the Mountain States Power Company, be and it is hereby authorized to place in effect in the cities of Eugene and Springfield, in lieu of its present rates for gas service, charges which shall not exceed those hereinbefore found to be just, reasonable and not unjustly discriminatory.

This order shall become effective on the twentieth day of August, 1919, and the applicant shall publish and file with the Commission, prior thereto, in the manner provided by law, a tariff, or a supplement to its present tariff, setting forth rates not exceeding those herein prescribed, and shall thereafter do all the matter and things reasonably necessary for the carrying out of the spirit and intent of this order.

PROVIDED, HOWEVER, That the permission herein granted is of a temporary nature, and upon the expiration of a period of one year from and after the effective date hereof such right and authority shall cease to exist unless further extension shall be granted by this Commission.

In the matter of the application of the PORTLAND RAILWAY, LIGHT & POWER COMPANY for permission to increase passenger fares on its interurban railway lines. } No. F-722

(ORDER ENTERED AUGUST 11, 1919—P. S. C. ORDER NO. 530)

#### ORDER ON HEARING

This matter is now before the Commission upon application for rehearing filed on behalf of a number of complainants residing at Ardenwald, Berkeley, Errol and other stations along the Springwater division of the Portland Railway, Light & Power Company.

Pursuant to due notice, this matter came on regularly for consideration at the Commission's office, 252 Courthouse, Portland, Oregon, on the eleventh day of March, 1919, at ten o'clock a. m. It appearing that sufficient reason existed for reopening the case, the same was ordered reopened and all interested parties were fully heard thereon.

#### Appearances

For city of Portland: H. M. Tomlinson, deputy city attorney.

For Frank F. Bannerman, Frank Keely, Geo. W. Russell, and stations of Sellwood Gardens, Ardenwald, Berkeley and Errol: Geo. T. Parry, attorney.

For citizens of Stanley station: John H. Gibson.

For East Side Business Men's Club members and individuals at Ardenwald: I. M. Lepper.

For Portland Railway, Light & Power Company: R. A. Leiter, attorney.

While the application filed herein for a modification of our order No. 470 relates only to stations on the Springwater division of the respondent company, there is also pending before us a similar proceeding seeking the modification and amendment of the rates and practices fixed in such order as applicable on the Oregon City line of such company. Although the subject matter of these two cases is nearly identical, they have been conducted and considered separately and separate orders will be entered.

The Commission, having fully considered all the testimony and evidence prescribed herein and being now fully advised in the premises, is of the opinion and finds that its order No. 470, entered on the nineteenth day of November, 1918, should be modified and amended in the following respects:

Ten (10) ride books, from and to Portland (First and Alder streets). The present rate from and to Bell station should be reduced from 13.4 cents per coupon, \$1.34 per book, to 12.8 cents per coupon, \$1.28 per book, and from Luther station the present rate should be reduced from 14.4 cents per coupon, \$1.44 per book, to 12.8 cents per coupon, \$1.28 per book, and that rates should be established and ticket books provided from and to Kendall, Somerfeldt, Watson and Lents Junction at rate of 12.8 cents per coupon, \$1.28 per book, and from and to Arnaud at rate of 13.7 cents per coupon, \$1.37 per book.

A ticket should be provided for children under twelve (12) years of age, in books of ten (10) tickets, good detached and unlimited, between Portland (First and Alder streets) and the following stations and sold at the following rates:

	Rate	
	In Cents per Ticket	Per Book
Stanley .....	6.1	\$ .61
Wichita .....	6.4	.64
Bell .....	6.5	.65
Luther .....	6.5	.65
Kendall .....	6.5	.65
Somerfeldt .....	6.5	.65
Watson .....	6.5	.65
Lents Junction .....	6.5	.65
Arnaud .....	6.8	.68
Gilbert .....	7.4	.74
Ramapo .....	7.7	.77
Bellrose .....	8.1	.81
Willson .....	8.5	.85
Sycamore .....	9.1	.91
Meadowbrook .....	10.7	1.07
Linneman Junction .....	11.1	1.11
Cotton .....	12.4	1.24
Gresham (O. W. P. Depot) .....	13.7	1.37
Schiller .....	14.6	1.46
Palmblad .....	16.4	1.64
Anderson .....	18.3	1.83
Hoover Spur .....	19.2	1.92
Boring .....	21.6	2.16
Siefer .....	23.0	2.30
Norris Spur .....	25.8	2.58
Chandler Spur .....	26.2	2.62
Barton .....	26.8	2.68
Deep Creek .....	27.9	2.79
Riverby .....	28.9	2.89
Glovers .....	31.3	3.13
Eagle Creek .....	31.9	3.19
Cedarbrook .....	33.7	3.37
Alsapangle .....	34.3	3.43
Currinsville .....	36.9	3.69
Morrow .....	38.5	3.85
River Mill .....	39.3	3.93
Estacada .....	41.1	4.11
Faraday .....	43.7	4.37
Cazadero .....	44.6	4.46
Brunner .....	12.7	1.27
Ruby Junction .....	13.6	1.36
Neal .....	13.7	1.37
Gresham (Mt. Hood Depot) .....	13.7	1.37
Powell Valley .....	17.7	1.77
Gustavus .....	18.5	1.85
Gillis .....	21.1	2.11
Orient .....	22.5	2.25
Pleasant Home .....	23.7	2.37
Seenic .....	24.5	2.45
Cottrell .....	26.0	2.60
Craswell .....	28.2	2.82
Mabery .....	28.8	2.88
Willow Spur .....	30.5	3.05
Baraboo .....	31.7	3.17
Bull Run Park .....	32.5	3.25
Cameron Spur .....	33.0	3.30

Individual Fifty-two (52) Ride Commutation tickets should be provided for use between Seventeenth street, Sellwood Gardens, Ardenwald, Berkeley, and Errol and Portland (First and Alder street) subject to the limit, rules and conditions as govern the same form of ticket now in effect from and to other stations on Interurban lines, at rate of six (6) cents per coupon, \$3.12 per book.

Joint rates of fare should be established and tickets provided for adult passengers and children under twelve (12) years of age between stations on Cazadero line, Moorage to Gresham (O. W. P. Depot) inclusive; also between Brunner, Ruby Junction, Neal and Gresham (Mt. Hood Depot) and points on Portland city lines within the present six (6) cent fare limits, such tickets

to contain interurban and city lines coupons for ten (10) through continuous trips, limited to thirty (30) days from date of sale, exclusive of selling date, and sold at the following rates and subject to the following conditions:

Between Points on Portland city lines within six (6) cent fare limits (see notes) and	Adult Rate		Junior Rate	
	Cents per Coupon	Per Ticket	Cents per Coupon	Per Ticket
Moorage .....	9	\$ .90	6	\$ .60
The Oaks .....	9	.90	6	.60
Chutes .....	9	.90	6	.60
Ferry .....	9	.90	6	.60
Harney Avenue .....	9	.90	6	.60
Golf Junction .....	9	.90	6	.60
Seventeenth Street .....	10	1.00	6.5	.65
Sellwood Gardens .....	10	1.00	6.5	.65
Ardenwald .....	10	1.00	6.5	.65
Berkeley .....	10	1.00	6.5	.65
Errol .....	10	1.00	6.5	.65
Brookwild .....	14.7	1.47	8.8	.88
Stanley .....	15.3	1.53	9.1	.91
Wichita .....	15.7	1.57	9.3	.93
Bell .....	15.8	1.58	9.4	.94
Luther .....	15.8	1.58	9.4	.94
Kendall .....	15.8	1.58	9.4	.94
Somerfeldt .....	15.8	1.58	9.4	.94
Watson .....	15.8	1.58	9.4	.94
Lents Junction .....	15.8	1.58	9.4	.94
Arnaud .....	16.7	1.67	9.8	.98
Gilbert .....	17.8	1.78	10.4	1.04
Ramapo .....	18.3	1.83	10.7	1.07
Bellrose .....	19.1	1.91	11.1	1.11
Wilson .....	19.9	1.99	11.5	1.15
Sycamore .....	21.2	2.12	12.1	1.21
Jenne .....	23.3	2.33	13.2	1.32
Meadowbrook .....	24.3	2.43	13.7	1.37
Linneman Junction .....	25.2	2.52	14.1	1.41
Cotton .....	27.8	2.78	15.4	1.54
Gresham (O. W. P. Depot) .....	30.4	3.04	16.7	1.67
Brunner .....	28.4	2.84	15.7	1.57
Ruby Junction .....	30.2	3.02	16.6	1.66
Ncal .....	30.4	3.04	16.7	1.67
Gresham (Mt. Hood Depot) .....	30.4	3.04	16.7	1.67

City and interurban coupons are intended only for continuous through passage and should be confined to the most direct and shortest continuous route available, and be used from and to point of interchange with interurban trains at First and Alder streets or East First street and Hawthorne Avenue, except as noted below.

#### EXCEPTIONS

City lines coupons of tickets sold from and to stations on interurban lines, Golf Junction and north thereof, will not be good on Sellwood cars.

City lines coupons of interurban tickets sold from and to stations on interurban lines east of Golf Junction should not be good on Sellwood cars or Mt. Scott cars out (south or east) bound.

Interurban coupons, when detached by conductor and city lines coupons, when detached by or in the presence of conductor, should be accepted for one or more persons when ticket is presented within the prescribed time limit.

Where the published cash fare between intermediate stations exceeds three (3) cents per mile, rates should be established and tickets of ten (10) coupons provided between any two such intermediate stations and published to become effective on one (1) day's notice to the public and the Commission, on basis of three (3) cents per mile, rate of fare to end in multiples of five (5), fractions of two (2) cents to be dropped, fractions over two (2) cents to be increased to the next higher multiple; minimum rate six (6) cents per coupon, sixty (60) cents per ticket, tickets limited to sixty (60) days from date of sale, exclusive of selling date; coupons not to be good detached but to be accepted for one or more persons when detached by conductor.

Based upon the foregoing findings, and the entire record herein, IT IS ORDERED that Order No. 470 of this Commission, entered on the nineteenth day of November, 1918, be and it is hereby modified and amended in the respects above enumerated.



This order shall become effective on the first day of September, 1919, and at least one day prior thereto the Portland Railway, Light & Power Company shall file with this Commission appropriate tariffs or supplements to its present tariffs embodying the provisions hereinbefore set forth.

In the matter of the petition of L. R. BUZAN, C. W. DE-GRAFF and JOHN F. RISLEY for a revision of rates and regulations on the line of the Portland Railway, Light & Power Company from Milwaukie to Oregon City. } No. F-805

(ORDER ENTERED AUGUST 11, 1919—P. S. C. ORDER NO. 531)

### OPINION AND ORDER

This matter is before the Commission upon the petition of L. R. Buzan, C. W. DeGraff and John F. Risley for a revision of the rates and regulations of the Portland Railway, Light & Power Company applicable on its Oregon City line. Pursuant to due notice to all parties concerned, hearing was held hereon at Portland on the twelfth day of March, 1919, at 1:30 o'clock p. m., at which time and place testimony was taken and all parties fully heard.

#### Appearances

Wallace McCamant, attorney for complainants.

R. A. Lelter, attorney for Portland Railway, Light & Power Company.

The rates herein sought to be revised were fixed by this Commission in its Order No. 470, issued November 19, 1918, in case F-722 and this proceeding is, in effect, a proceeding to modify and amend such order in so far as the fares on Oregon City line are concerned.

The Commission, having fully considered all the testimony and evidence presented herein and being now fully advised in the premises, is of the opinion and finds that the rates of fare and practices now in effect on the Oregon City line of the Portland Railway, Light & Power Company should be revised, and that its Order No. 470, in so far as such rates of fare are concerned, should be modified and amended in the following respects:

*Individual Fifty-two (52) Ride Commutation Tickets* should be provided between Ardour, Overlinks, Knight, Hendee and Milwaukie and Portland (First and Alder streets), subject to limit, rules and conditions as govern the same form of ticket now in effect between Portland (First and Alder streets) and other stations on Interurban lines, at the rate of six (6) cents per coupon, \$3.12 per ticket of 52 coupons.

*A Junior Ten (10) Ride Book* should be provided for children under twelve (12) years of age, in books of ten (10) tickets, good detached and unlimited, between Portland (First and Alder streets) and the following stations, and sold at the following rates:

	Rate	
	In Cents per Ticket	Per Book
Lakewood .....	6	\$ .60
Evergreen .....	6	.60
Silver Spring .....	6.2	.62
Courtney .....	6.5	.65
St. Theresa .....	6.7	.67
Oak Grove .....	6.9	.69
Rupert .....	7.3	.73
Risley .....	7.4	.74
Concord .....	7.7	.77
Vineyard .....	8.1	.81
Naef .....	8.3	.83
Rothe .....	8.5	.85
Ashdale .....	8.7	.87
Jennings Lodge .....	9.0	.90
Hull Avenue .....	9.2	.92
Mel drum .....	9.4	.94
Glen Echo .....	9.6	.96
Park Place .....	11.1	1.11
Oregon City .....	12.9	1.29

Where the published cash fare between intermediate stations exceeds three (3) cents per mile, rates should be established and tickets of ten (10) coupons provided between any two such intermediate stations and published to become effective on one (1) day's notice to the public and the Commission on basis of three (3) cents per mile, rate of fare to end in multiples of five (5), fractions of two (2) cents to be dropped, fractions over two (2), cents to be increased to the next higher multiple; minimum rate six (6) cents per coupon, sixty (60) cents per ticket, tickets limited to sixty (60) days from date of sale, exclusive of selling date; coupons not to be good detached but to be accepted for one or more persons when detached by conductor.

Joint rates of fare should be established and tickets provided for adult passengers and children under twelve (12) years of age, between stations on the Oregon City line and points on Portland city lines within the present six (6) cent fare limits, tickets to contain interurban and city line coupons for ten (10) through continuous trips, limited to thirty (30) days from date of sale, exclusive of selling date, and sold at the following rates and subject to the following conditions:

Between Points on Portland city lines within six (6) cent fare limits (see notes) and	Adult Rate		Junior Rate	
	Cents per Coupon	Per Ticket	Cents per Coupon	Per Ticket
Ardgour .....	10	\$1.00	6.5	\$.65
Overlinks .....	10	1.00	6.5	.65
Knight .....	10	1.00	6.5	.65
Hendee .....	10	1.00	6.5	.65
Millwaukie .....	10	1.00	6.5	.65
Island .....	13.7	1.37	8.4	.84
Lakewood .....	14.5	1.45	8.8	.88
Evergreen .....	14.9	1.49	9.0	.90
Silver Spring .....	15.4	1.54	9.2	.92
Courtney .....	16.1	1.61	9.5	.95
St. Theresa .....	16.4	1.64	9.7	.97
Oak Grove .....	16.8	1.68	9.9	.99
Rupert .....	17.5	1.75	10.3	1.03
Risley .....	17.9	1.79	10.4	1.04
Concord .....	18.4	1.84	10.7	1.07
Vineyard .....	19.3	1.93	11.1	1.11
Naef .....	19.6	1.96	11.3	1.13
Roth .....	20.0	2.00	11.5	1.15
Ashdale .....	20.3	2.03	11.7	1.17
Jennings Lodge .....	21.1	2.11	12.0	1.20
Hull Avenue .....	21.5	2.15	12.2	1.22
Meldrum .....	21.7	2.17	12.4	1.24
Glen Echo .....	22.1	2.21	12.6	1.26
Fern Ridge .....	22.8	2.28	12.9	1.29
Gladstone .....	24.1	2.41	13.6	1.36
Park Place .....	25.2	2.52	14.1	1.41
Oregon City .....	28.7	2.87	15.9	1.59

City and interurban lines coupons are intended only for continuous through passage and should be confined to the most direct and shortest continuous route available, and used from and to the points of interchange with interurban trains, at First and Alder streets or East First street and Hawthorne Avenue, except that city lines coupons will be honored only on Sellwood cars in (north) bound from Golf Junction.

Interurban coupons, when detached by conductor, and city lines coupons, when detached by or in the presence of conductor, should be accepted for one or more persons when ticket is presented within the prescribed time limit.

IT IS, THEREFORE, ORDERED that the order of this Commission made and entered on the nineteenth day of November, 1918, and designated as P. S. C. Order No. 470, be and the same hereby is altered, amended and changed as hereinabove in this order set out, and that the rates, fares, rules and practices herein set forth are hereby fixed and established as reasonable rules and practices to be observed and followed, and reasonable rates to be imposed, charged and collected on and after the first day of September, 1919; and, at least one day prior thereto, the Portland Railway, Light & Power Company shall file with this Commission appropriate tariffs or supplements to its present tariffs embodying the provisions herein set forth.

In the matter of the investigation of service connection and moving charge for telephone companies operating in the State of Oregon which have been released from federal control by virtue of Orders No. 3175 and 3178 of the Postmaster General. (Investigation on Commission's own motion.) } No. U-F-260

(ORDER ENTERED AUGUST 20, 1919—P. S. C. ORDER NO. 532)

### ORDER

This is a proceeding instituted on the Commission's own motion for the purpose of determining and authorizing reasonable service connection and moving charges in lieu of those established by the Postmaster General of the United States, as authorized in resolution passed by Congress on July 16, 1918.

Due notice having been served upon all telephone companies within the state of Oregon affected by the above proceeding, hearing was held before the Commission at Portland on the fourteenth day of July, 1919.

At this hearing testimony was taken and a general discussion of the subject matter involved, at the close of which it was agreed that the Commission might consider in evidence in this case such testimony and evidence as was already of record before it in other proceedings involving similar matters. The case was then fully submitted to the Commission for decision.

The Commission having considered the entire record herein and being now fully advised in the premises finds that the following are just and reasonable rates to apply as maximum service connection and moving charges for telephone companies operating in the state of Oregon, save and except The Pacific Telephone and Telegraph Company, the rates for which have heretofore been fixed:

1. For complete establishment of individual or party line service:
  - (a) In exchanges with 1,000 or more company stations, \$3.50.
  - (b) In exchanges with less than 1,000 company stations, \$2.50.
2. For each extension station connected with any class of telephone service:
  - (a) In exchanges with 1,000 or more company stations, \$2.00.
  - (b) In exchanges with less than 1,000 company stations, \$1.50.
3. For establishment of private branch exchange service. For each trunk line connecting the private branch exchange with a central office and for each telephone, except operator's telephone sets, connected to the private branch exchange:
  - (a) In exchanges with 1,000 or more company stations, \$3.50.
  - (b) In exchanges with less than 1,000 company stations, \$2.50.
4. For establishment of service by the use of instrumentalities already in place upon the subscriber's premises, and where no change is made in the type or location of these instrumentalities, to cover directory, switchboard, and circuit expense on each line, \$1.00.
5. Service connection charges are not to supersede mileage charges or installation and construction charges made because of unusual cost, but are to apply in addition to such charges.
6. Service connection charges are not to apply to "service stations" or switching service.
7. Service connection charges are not to apply to "public telephones" or to "public pay stations" where service is established primarily for the benefit of the public. This exception does not include such service as semipublic guaranteed or rental pay stations.
- Service connection charges are not to apply to private line equipment not connected with a central office for exchange or toll service.
9. All charges herein described are to be collected from all applicants for new service of the classes specified above at the time of application and prior to the establishment of such service except that the utility may establish service in advance of collection in case of modification or addition to service of existing subscribers.
10. Charges for changes of location (inside moves) of telephone equipment or wiring:
  - (a) For moving a telephone from one location to another in the same room, \$1.00.

(b) For moving a telephone from one location to another in the same building but not in the same room, \$2.00.

(c) For moving any other equipment or wiring from one location to another in the same building the charge shall be based upon the cost of labor and material.

11. Charges for changes other than moves in wiring and equipment, made on the initiative of the subscriber:

(a) For changes in type of telephone set, \$1.00.

(b) For other changes in equipment or wiring a charge shall be made based upon the cost of labor and material.

12. Charges under rules 10 and 11 shall not apply if the changes or moves are required by the company for the proper maintenance of service or equipment.

13. Changes for moves or changes specified above shall in no case exceed the service connection charges applicable to the entire service of the particular subscriber.

14. Charges herein specified shall not apply if changes are required on account of changes in class or grade of service.

IT IS, THEREFORE, ORDERED that all telephone companies within the jurisdiction of the Public Service Commission of Oregon, save and except The Pacific Telephone and Telegraph Company, be and the same hereby are required to discontinue such service connection and moving charges as they may have in effect which are in conflict with those herein contained, and that such companies be and the same hereby are authorized to establish and collect service connection and moving charges which do not exceed those hereinbefore found to be reasonable as maximum rates for the purposes therein set forth.

Provided, however, that the establishment of any charge herein authorized shall not be construed as being mandatory, but shall be optional with the respective companies.

IT IS FURTHER ORDERED that any company establishing service connection or moving charges under the authority hereof shall file, at least ten days before its effective date, according to law and the rules of this Commission, a tariff or supplement to their existing tariff, in which such charges shall be clearly specified, and shall at the same date post or cause to be and remain posted in each of its main offices a copy of such tariff or supplement for the information of the public.

IT IS FURTHER ORDERED that those companies establishing service connection and moving charges under the authority hereof be and the same are hereby required to maintain for the information of the Commission a completely itemized record of all receipts and disbursements arising from or occasioned by such charges.

Many of the companies affected have not in the past accounted separately for the cost of the items of expense herein discussed and until such data is available an exact and final determination of this question cannot be had. IT IS, THEREFORE, ORDERED that this matter be held open upon the docket of the Commission for such other and further consideration and order as may be necessary or advisable as experience develops the actual conditions to be met.

A reasonable time for this order to become effective is September 1, 1919.

In the matter of the application of COOS & CURRY TELEPHONE COMPANY for authority to impose a toll rate for telephone messages between the cities of Coquille and Myrtle Point, and to increase certain telephone rentals and service charges. } No. U-F-239

(ORDER ENTERED AUGUST 26, 1919—P. S. C. ORDER NO. 534)

#### ORDER

This is an application brought by the Coos & Curry Telephone Company, an Oregon corporation engaged in the operation of a telephone business in Coos and Curry counties and a portion of Douglas county, requesting authority to impose a toll rate for telephone messages between the cities of Coquille and Myrtle Point, and to increase certain telephone rentals and service charges. Hearing was had hereon at Marshfield on Tuesday, the eighth day of July, 1919, at the hour of 2:00 o'clock p. m., at which time and place testimony was taken and interested parties heard.

*Appearances*

For applicant: W. U. Douglas, attorney.

For city of Coquille, Coquille Commercial Club, et al: J. J. Stanley, city attorney.

For city of Myrtle Point: Claud H. Giles, city attorney.

The petition filed with the Commission in this case asks for relief upon the following points:

1. The establishment of a toll rate between Myrtle Point and Coquille where at the present time there is a free interchange of service between subscribers in the two towns.

2. The increase of the rate for one-party business telephone service at Myrtle Point.

3. The increase of exchange rates on rural or suburban lines connected with the Bandon exchange.

4. A uniform rate \$9.00 a year per telephone for farmer line switching service.

The Commission is not in possession of sufficient information to enable it to pass upon the three latter matters mentioned at this time, and its decision thereon will accordingly be reserved pending further investigation and hearing, consideration being given in this order only to the first point above mentioned: namely, the establishment of a toll rate between Myrtle Point and Coquille.

The applicant now has in effect a toll line charge of ten cents for one and one-half minute conversations to nonsubscribers, between the towns of Myrtle Point and Coquille, and no charge therefor to its subscribers in the towns of Myrtle Point and Coquille; or to subscribers connected with such exchanges. It desires to impose a charge to all persons, whether subscribers or not, of ten cents for each conversation of one and one-half minutes, or any fraction thereof, and five cents for each additional minute or fraction thereof, of such conversation.

The testimony in this case shows that the distance between Myrtle Point and Coquille is approximately ten miles; that the company has in operation between these points three metallic circuits, two of which are devoted to the local calls although one is used partly for through toll business; that the approximate average number of local calls between Myrtle Point and Coquille exchanges is 425 daily, 250 of which are from the Myrtle Point exchange to the Coquille exchange, 175 of which pass from the Coquille exchange through the Myrtle Point exchange; that there is an average overflow of approximately ten per cent. The testimony also shows that a large percentage of the calls over such line at the present time are of a social nature, and by reason of the fact that the service is free abuse is made of it in that parties make unnecessary calls and consume an unreasonable length of time in their conversations. That this practice will probably to a large extent disappear by the establishment of a toll charge is self evident. This congested condition interferes with the through toll business of the applicant, and to obtain relief therefrom and avoid discrimination it is necessary that a charge be made therefor and the abuse thus permanently eliminated, or temporary relief be given by the construction of two additional circuits at an expense of about \$2,500, thus maintaining three lines for free toll purposes between said towns and two for through toll or pay business. The record further discloses that there is no extraordinary interest in common between these two towns but that they are business rivals, and that the service between them is not very generally used by the subscribers as a whole but the use thereof is confined primarily to a small number of the patrons. It also appears that although a ten cent toll charges is imposed on nonsubscribers for minute-and-a-half conversations between these exchanges, it is very seldom that the company is able to make collections on these calls, and as a consequence the revenue from this source is very small. The testimony further shows that a recent increase in the operator's wage scale alone has increased the operating expenses in each of these exchanges approximately ninety dollars per month and the maintenance of this free service requires a considerable portion of the time of the operators, and the discontinuance thereof would increase the inefficiency of service.

For the reasons hereinbefore shown it is apparent that conditions have reached a point where this burden has assumed large proportions and will demand an extensive expenditure for increased toll facilities and some relief must be afforded.

A toll charge on all messages between these two exchanges is in our opinion the proper remedy. The cost of this service would thus be allocated to the individuals responsible therefor, and unnecessary and extended conversations would thereby be eliminated, and thus the need of any extensive expenditures for additional toll lines, temporarily at least, dispensed with, and the need of expenditures for additional toll lines not producing revenue obviated entirely.

The rate proposed appears to be reasonable but the initial period in our opinion should be increased to three minutes, for which a ten cent charge should be made with a charge of five cents for each additional minute or fraction thereof. In conformity with the practice of the applicant in connection with its toll rates on the remainder of its system, no distinction is made in this rate as between particular person and station to station calls.

It has been suggested that the establishment of this toll charge will work a hardship upon certain communities or certain subscribers connected with rural lines by reason of the fact that in a few instances such subscribers or communities may be connected with one of the exchanges, while they do their trading and transact substantially all their business with the other town. The cases where this condition exists are, however, not very numerous, and the applicant has signified its willingness to connect such rural subscribers or communities, where practicable, with the exchange most desirable to them, thus obviating the necessity for such persons paying a toll charge in order to reach their natural trading center.

From a full consideration of the foregoing facts and of the record herein the Commission finds that the portion of the application of the Coos and Curry Telephone Company herein requesting permission to put into effect and charge a toll rate for telephone conversations over its lines between its Coquille and Myrtle Point exchanges, should be granted; and that a just and reasonable rate to be charged for such toll service would be a charge to all persons, whether subscribers or not of ten cents for each conversation of three minutes, or any fraction thereof, and five cents for each additional minute, or fraction thereof, of such conversation.

IT IS, THEREFORE, ORDERED that the portion of the application herein requesting permission to put into effect and charge a toll rate for telephone conversations between the Coquille and Myrtle Point exchanges of the applicant be and the same is hereby granted, and the Coos and Curry Telephone Company authorized to charge and collect for toll service between its said Coquille and Myrtle Point exchanges a charge to all persons, whether subscribers or not, of ten cents for each conversation of three minutes, or any fraction thereof, and five cents for each additional minute, or fraction thereof, of such conversation.

Provided, however, that, where practicable, farmer line subscribers or communities shall have the privilege of being connected with either of said exchanges which may be most desirable to them, upon written notice to the company given within thirty days from the effective date hereof.

IT IS FURTHER ORDERED that this case be held open upon the docket of the Commission pending final hearing on the matters not passed upon herein.

A reasonable time for this order to become effective is September 5, 1919.

In the matter of the application of the CLOVERDALE TELEPHONE COMPANY for authority to change its rates for telephone service. } File U-F-230.

(ORDER ENTERED OCTOBER 2, 1919—P. S. C. ORDER NO. 540)

#### ORDER

Application for authority to increase telephone exchange service rates and to install a schedule of classified services. Hearing was held in the town of Cloverdale on the second day of August, 1919.

#### Appearances

For Cloverdale Telephone Company: L. M. Kraner, president; E. T. Busselle, attorney-engineer.

The Cloverdale Telephone Company is a corporation organized August 15, 1906, and existing under and by virtue of the laws of Oregon, and is engaged in the ownership, control, management and operation of a telephone exchange at Cloverdale, Tillamook county, and a system of lines and equipment devoted to

the transaction of a general telephone business in and between Cloverdale, Beaver, Hebo, Dolph, Woods, Sand Lake, Pacific City, Meda, Oretown, and Neskowin. Connections are maintained at Cloverdale with the toll lines of the Tillamook County Mutual Telephone Company and The Pacific Telephone and Telegraph Company by means of which access is had to general long distance service. In such occupation it is a public utility as defined by chapter 279 of the Laws of Oregon for 1911, and subject to the jurisdiction of this Commission and to the provisions of the above law, its supplements and amendments.

The record in this case also indicates that prior to the hearing herein the applicant, through its manager, mailed to all its subscribers a printed statement showing the financial result of its operations for the past ten years, the rising cost of labor and material and its effect upon their operations. This statement further set forth the fact that an application had been made for an increase in rates and that the hearing would be had thereon at Cloverdale, Saturday, August 2, 1919, at 10 o'clock a. m., and closed with a request and invitation for any subscriber who had any objection to an increase in rates to be present at such time and place. At the hearing but one of the patrons made an appearance and this party expressed himself as being in favor of an increase.

The present rate for subscribers is \$1.00 per month for each residence or business service, payable quarterly after service is rendered, with free exchange over all parts of the system. Hours of service are from seven to nine-thirty a. m. and two-thirty to five p. m. on Sundays and other days from six a. m. to ten p. m. Emergency calls are answered during other hours. Nonsubscribers are now required to pay ten cents for each conversation of unlimited length between all stations. These rates have been in effect since 1909 and under the provisions of the law are the maximum rates which may be charged or collected except by authority of the Commission.

The applicant asks authority to modify its present rates for subscribers by installing the following schedule:

Individual business telephones (Cloverdale), wall .....	\$2.00 per month
Two-party business telephones (Cloverdale), wall .....	1.50 per month
Rural party line business telephones, wall .....	1.50 per month
Individual residence telephones (Cloverdale), wall .....	1.50 per month
Rural party line residence telephone, wall .....	1.25 per month
Extension sets .....	.50 per month
Extension bells .....	.25 per month
Desk telephones, additional charge .....	.25 per month
Switching charges where subscriber owns line and instrument .....	.50 per month

Authority was also asked for the establishment of service connection charges, for transients and temporary residents, the necessity for which has been since eliminated by service connection charges authorized by the Commission for general application throughout the state, by P. S. C. Order No. 532.

Upon hearing it was represented that material changes in the conditions under which the business was operated, accompanied by further and continuing increases in necessary expenses rendered successful operation, under the rates for which the original petition had asked, doubtful and the Commission is asked to consider all of the facts developed and to allow any further increases as may be found justified thereby. The Commission will so consider the case.

The financial results of the company's operations during the year 1918 are here shown.

#### Operating Revenues

Exchange revenues .....	\$2,283.04
Toll revenues .....	1,046.26
Other revenues from operation .....	57.29

Total operating revenue ..... \$3,386.61

#### Operating Expenses

Repairs to plant, labor and material .....	\$1,175.73
Wages and salaries of operators .....	798.00
Other expenses .....	1,561.21

Total operating expenses ..... \$3,524.94

Taxes ..... \$ 175.00

Operating loss ..... \$ 314.13

The operating expenses shown in this statement also include additions and betterments to the property which when deducted left an operating loss for the year of approximately \$50.00. No consideration has been given therein for interest on invested capital.

Depreciation of plant and property has not been included in the above statement except as it is reflected by the inclusion therein of all money spent in the replacement and reconstruction of lines and equipment. The record indicates that the property is of such age and character that, aside from the longer lived items, the rate of replacements has become fairly stabilized and that those made in 1918 can be fairly assumed to indicate normal requirements for the property other than that so excepted. A somewhat greater allowance, however, should be made to cover accruing depreciation on the entire property in order that the company may be enabled to maintain adequate facilities for service in the community.

It is the present practice of the applicant to require subscribers to pay a portion of the cost of battery maintenance. This expense, as a matter of effective service, should be borne by the company. To give adequate and satisfactory service it will also be necessary for the company to reduce the congestion on some of its lines which are now overloaded. Where financially practicable, service on suburban lines should be confined to not more than ten parties per line. Very long lines to serve sparsely settled communities with scattered subscribers may of necessity run beyond this limit. These changes and betterments will involve both increased capital expenditures and increased operating costs to care for which additional revenue should be provided.

Due to raises in wages and salaries and in prices of material, and to the above requirements, expenses for the year 1919, judging from experience of this company during the elapsed portion thereof, will be materially greater than in the previous twelve months period although no definite evidence of the exact amount of the increase has been submitted.

No facts are available upon which to determine the actual original cost of the property nor the cost to the present owner. An estimate of "reproduction of cost new" of the property as it existed on January 1, 1918, and an estimate of its "present value" on that date were submitted by the company. Testimony relating to the reasonableness of these estimates was also introduced by the Commission's engineer.

After an analysis of the record it appears that a reasonable estimate of the amount of money it would have taken to reproduce the bare structure of the property, in like kind and in new and usable condition with prices of labor and material at levels representative of those existing prior to 1917 and during the period of actual construction of the property and of that amount lessened by the accrued depreciation is as follows:

	<i>Reproduction Cost New</i>	<i>Reproduction Cost New Less Depreciation</i>
Intangible capital .....	\$ 252.00	\$ 252.00
Right of way .....	235.00	235.00
Central office equipment .....	345.00	186.00
Station equipment .....	3,163.00	2,151.00
Pole lines .....	6,300.00	4,145.00
Aerial cable .....	63.00	52.00
Aerial wire .....	3,266.00	2,165.00
General equipment .....	104.00	54.00
Interest during construction .....	293.00	197.00
Undistributed .....	1,200.00	810.00
	<b>\$15,121.00</b>	<b>\$10,247.00</b>

In view of the foregoing findings, after making allowance for necessary working capital and considering the property as a working unit with a going business attached, we find that a reasonable value upon which the investors are entitled to expect a return is \$11,600.00.

At the date of the hearing the applicant had two hundred and six stations connected including one public pay-station, fourteen business stations and one hundred and ninety-one residence stations. No classification of service has heretofore been offered and one hundred and eighty-five of the total stations are on lines serving nine or more parties each, with an average of fifteen. This is somewhat



too congested to be considered satisfactory rural service, and the company, as has already been stated, must plan to reduce the number of stations on some of its lines.

In view of the foregoing facts we are of the opinion and find that the present rates are inadequate and unjustly discriminatory, and that the following rates are just, reasonable and not unjustly discriminatory for the applicant's service therein specified. They will not produce more than sufficient revenue to meet accruing depreciation and pay a fair return upon the value heretofore determined after the payment of expenses necessary for the operation and maintenance of the service.

<i>Business Service</i>	<i>Wall Set</i>	<i>Desk Set</i>
Individual line (Cloverdale) .....	\$2.50	\$2.75 per month
Two-party line (Cloverdale) .....	2.00	2.25 per month
Suburban party line .....	2.00	2.25 per month
Extension, without bell .....	.65	.90 per month
Extension, with bell .....	.75	1.00 per month

<i>Residence Service—</i>		
Individual line (Cloverdale) .....	2.00	2.25 per month
Two-party line (Cloverdale) .....	1.75	2.00 per month
Four-party line (Cloverdale) .....	1.50	1.75 per month
Suburban party line .....	1.50	1.75 per month
Extension, without bell .....	.40	.65 per month
Extension, with bell .....	.50	.75 per month

<i>Switching Service—</i>	
Where subscriber owns and maintains instrument and line to exchange limits .....	\$.50 per month
Where subscriber owns and maintains instrument and only a portion of line .....	.75 per month

<i>Miscellaneous—</i>	
Extension bell, regular .....	\$.15 per month
Extension bell, special loud ringing .....	.35 per month
Special loud ringing bell with regular equipment, additional .....	.10 per month

#### *Local Exchange Area*

The Cloverdale local exchange area, or base rate area, will be considered as extending within a half mile radius of the central office.

<i>Non-Subscriber Service—</i>	<i>First Five Minutes or Fraction</i>	<i>Each Additional Three Minutes or Fraction</i>
Calls within local exchange area .....	\$.05	\$.05
Calls beyond local exchange area .....	.10	.05

#### *Payment for Service*

Collection of service charges may be made in advance according to the following schedule:

Local exchange service .....	Monthly
Suburban service .....	Quarterly
Switching service .....	Semi-annually

Charges for service will be considered delinquent within a specified number of days after date of billing as shown hereunder and service will be subject to disconnection ten days after separate notice of such delinquency has been given the subscriber:

Local exchange service .....	15 days
Suburban service .....	30 days
Switching service .....	60 days

IT IS ORDERED that the Cloverdale Telephone Company be and hereby is authorized to discontinue its present rates, rules, and regulations pertaining to the services specified in the schedule hereinbefore found to be reasonable and to substitute in lieu thereof the schedule so found to be just, reasonable and not unjustly discriminatory;

AND IT IS FURTHER ORDERED that the rates so authorized shall be considered as maximum rates for the service specified and nothing herein shall be construed as preventing the utility from filing additional rates, rules and regulations as occasion may require for services not so specified provided they do not

conflict with the intent of this or of other orders, rules or regulations prescribed by this Commission, and further provided that they do not introduce unjust discriminations between individual subscribers or classes of subscribers;

AND IT IS FURTHER ORDERED that immediately upon the establishment of the rates herein authorized, the applicant shall file, according to law and the rules of the Commission, a tariff containing the rates so established, together with all other rates, rules and regulations applicable to the service, and shall cause a copy of that tariff to be posted in a conspicuous place in its main office where it will be easily accessible for public reference.

A reasonable time for this order to become effective is October 5, 1919.

In the matter of the application of the AMITY MUTUAL { No. U-F-245  
TELEPHONE COMPANY for authority to increase rates. }

(ORDER ENTERED OCTOBER 2, 1919—P. S. C. ORDER NO. 541)

#### ORDER

The application of the Amity Mutual Telephone Company alleges that on account of increasing costs its revenues under present rates are not sufficient to meet operating expenses, and asks that the Commission establish for the service given by the company such rates as it may find reasonable and proper.

After due notice this case came on for hearing at Amity on the twenty-eighth day of July, 1919, with the following appearances entered:

For applicant: B. A. Kilks, attorney.

No other appearances were entered and no subscribers or otherwise interested persons were present except the company's secretary and its lineman.

The Amity Mutual Telephone Company is a corporation organized in 1909 and existing under and by virtue of the laws of the state of Oregon. Its principal office is at Amity, Oregon, and it is engaged in the ownership, management, control and operation of a telephone system for the general transmittal of telephone messages. In such occupation it is a public utility and subject to the provisions of chapter 279 of the General Laws of Oregon for the year 1911 and of laws supplemental thereto and amendatory thereof.

The system of telephone lines owned and operated by the applicant serves the town of Amity and other villages, rural communities, and territory having general location in the southeastern part of Yamhill county and the northwestern part of Polk county. It is comprised principally of grounded party lines and includes direct commercial toll line connections with Dallas, McMinnville, Sheridan and Dayton. The company also has a direct connection at Amity with the long distance lines of The Pacific Telephone and Telegraph Company over which all parts of the latter system can be reached.

At the date of hearing the company had 330 subscribers connected to its lines, inclusive of both city, rural, residence and business users. No classification of service has ever been undertaken, the demand for limited party service being comparatively small. Such subscribers as have desired private or individual lines have been able to obtain that class of service, at the same rate as all others, by paying the company for the line drop and jack upon the switchboard.

The following local exchange rates of the company are taken from its regularly filed tariff:

All subscribers 75 cents per month, payable in advance every six months at the rate of \$4.50 for six months.

For non-subscribers, in addition to the regular charge for service to outside towns, the rate is

For first five minutes of conversation .....	\$ .05
For each additional five minutes .....	.05

In addition to rates for local exchange service the tariff contains toll rates fixed by the Public Service Commission of Oregon for conversations between Carlton, Dayton, Lafayette, Sheridan, Yamhill and McMinnville where the connection involves use of the lines of the McMinnville Local & Long Distance Telephone Company. Free exchange for its subscribers is maintained by the applicant with subscribers of other companies in Dallas, Sheridan and Dayton.

From the annual reports of the company to the Public Service Commission the following comparative income statement is obtained:

## COMPARATIVE INCOME STATEMENT

	1916	1917	1918
<b>Operating Revenues</b>			
Exchange revenues .....	\$2,715.04	\$2,766.97	\$2,748.14
Toll revenues .....	856.65	1,202.63	1,030.93
Other revenues from operation .....		376.67	277.56
<b>Total operating revenue .....</b>	<b>\$3,571.69</b>	<b>\$4,346.27</b>	<b>\$4,056.63</b>
<b>Operating Expenses</b>			
Repairs to plant, material and labor .....	\$ 575.83	\$1,312.05	\$1,902.48
Wages and salaries of operators .....	572.00	744.00	822.00
Salaries and expenses of officers .....	906.00	1,008.00	1,330.00
Other expenses .....	732.11	939.01	757.10
	<b>\$2,787.94</b>	<b>\$4,094.14</b>	<b>\$4,811.58</b>
<b>Taxes .....</b>	<b>\$ 197.71</b>	<b>\$ 91.08</b>	<b>\$ 77.65</b>
<b>Operating income .....</b>	<b>\$ 586.04</b>	<b>\$ 161.05</b>	<b>\$D832.60</b>

D—Denotes deficit.

The operating expenses shown in the foregoing statement cover all expenditures made by the company for operation, maintenance, replacements and extensions. Due to the inadequacy of the accounting system maintained these items cannot be accurately segregated. After consideration of such facts as are of record it seems reasonable to assume that the deduction from expenses of that portion of supplies and labor properly assignable as increasing fixed capital assets of the company would offset a large part of the deficit of \$832.60 shown in the statement above for 1918. Operating results for 1919 up to the date of hearing indicate that a loss larger than that in 1918 will be incurred during the current year. Expenses have increased to such an extent during the past two years that income prior to 1918 gives no indication of the conditions now to be met.

No reserve has been established by the company for accruing depreciation and no allowance for it has been included in operating expenses other than by the amounts currently expended for material and labor in the replacement and reconstruction of property. The record indicates, however, that the condition of the property and the nature of its construction are such that replacements are now occurring at a fairly steady and normal rate and that the expenditures made for this purpose during the year 1918 might be considered a sufficient amount to provide for the greater portion of the annual allowance necessary to cover depreciation accruing upon the property. Although much of the depreciation is provided for in this way there are some longer lived items of property for which additional allowances should be made.

The other expenses of the company may be considered as below normal and if ultimately adequate and satisfactory service is to be given and maintained, increased expenses must be expected. The business is practically managed and operated by the secretary, one lineman and two operators. The secretary now receives for his services as manager only \$26.50 per month and the total regular payroll does not exceed \$200.00 per month. This company having been organized originally as a mutual concern for the convenience of its stockholders, no effort has been made to obtain a return upon the investment and no dividends have ever been paid. All earnings in excess of operating and maintenance expenses have been spent in extending the service.

No record is available from which the amount actually invested in the property can be ascertained. Owing to the limited information available, and in consideration of the further fact that the utility is a semi-mutual concern and is not asking that a return be given upon the investment, a definite finding of value will not be made at this time. However, the Commission has made sufficient investigation to satisfy it that the rates hereinafter prescribed are not more than sufficient to provide the necessary revenue for the purposes herein set forth.

The record clearly indicates that the present rates of the applicant, in addition to being inadequate, and insufficient to meet operating expenses, are clearly

discriminatory as between individual subscribers and as between business and residence service inasmuch as no distinction is made in the charges therefor. The Commission is of the opinion that the service should be classified in order that subscribers may obtain service of the desired class and that there should be a reasonable differential between the rates for service to business institutions and residences in view of the difference in both the cost thereof and the value to the subscriber.

The company now owns no telephone instruments and each subscriber desiring service is required to furnish his instrument and batteries. This is an unreasonable practice and one forbidden by the laws of this state, which, however, provide that equipment owned by subscribers may be used by the company by the payment of a reasonable rental therefor. The rates hereinafter authorized will contemplate the ownership of instruments and maintenance of batteries by the company and will also provide for the rental by the company of such instruments as are so owned and maintained by subscribers at the rate of \$3.00 per year.

In view of the record as to present and prospective circumstances surrounding the operation of this utility and the furnishing of adequate service, the following rates are prescribed as maximum subscriber rates for the applicant at this time, in lieu of those now in effect:

#### SUBSCRIBER EXCHANGE SERVICE RATES

##### *Business Service*

One-party line .....	\$2.35
Two-party line .....	2.10
Four-party line .....	1.85
Multi-party lines .....	1.85

##### *Residence Service*

One-party line .....	\$1.85
Two-party line .....	1.60
Four-party line .....	1.35
Multi-party lines .....	1.35

Subscribers owning and maintaining their telephone instruments will be credited with a rental of \$3.00 per year.

The company will not be required to furnish one, two or four-party service beyond a radius of one-half mile from the central office nor beyond the city limits of Amity where the same extend beyond one-half mile from the central office without special agreement.

These rates are for wall type instruments.

It is also found that the system of accounts now kept is inadequate and that hereafter, and until the Commission shall prescribe a standard classification for all telephone utilities of this class, the applicant shall be required to record expenditures in such manner as to enable ready distinction being made between those for repairs and operation and those for additions or extensions and for changes in construction involving increases in the original investment through the substitution of more expensive construction.

#### ORDER

IT IS, THEREFORE, ORDERED that the Amity Mutual Telephone Company be and the same hereby is authorized to revise its subscriber rates and classify its service under the provisions herein set out that the rates shall not exceed those set forth in the schedule hereinbefore prescribed as maximum rates, and that any modification made in such schedule shall not introduce unjust discrimination between individual subscribers or classes of subscribers.

AND IT IS FURTHER ORDERED that immediately upon the establishment of rates under the authority granted herein and within ten days thereof the company shall file, according to law and the rules of this Commission, a tariff in which it shall show all of its rates and the rules and regulations governing its service.

AND IT IS FURTHER ORDERED that the applicant shall modify its accounts in such way as to hereafter show the additions to fixed capital as hereinbefore set out.

A reasonable time for this order to become effective is October 5, 1919.

In the matter of the investigation and suspension of air heating rates of the CALIFORNIA-OREGON POWER COMPANY. (Investigation on Commission's own motion.) } No. U-F-274

(ORDER ENTERED OCTOBER 31, 1919—P. S. C. ORDER NO. 554)

#### ORDER

It appearing that there was filed with this Commission by the California-Oregon Power Company, to become effective November 1, 1919, a schedule naming rates for air heating service, applicable to Douglas, Jackson, Josephine and Klamath counties in Oregon, which said schedule was designated as Supplement No. 7 to P. S. C. Or. No. 2 of the California-Oregon Power Company; and

It appearing that an investigation has been instituted on the Commission's own motion to determine the propriety and reasonableness of said schedule, pending which determination the operation of said schedule has been suspended, and the use of the rates, charges, regulations and practices therein stated deferred; and

It further appearing that said California-Oregon Power Company has no existing reasonable rate covering the class of service above mentioned, by reason of which fact the interests of the patrons of said company and the public are being jeopardized;

IT IS ORDERED, CONSIDERED AND DETERMINED that an emergency does and is hereby declared to exist, and by and under the authority granted in Section 71 of Chapter 279 of the General Laws of Oregon for 1911 it is ORDERED that the existing electrical air heating rates of the California-Oregon Power Company applicable in Douglas, Jackson, Josephine and Klamath counties, in Oregon, to consumers receiving air heating service from said company prior to August 31, 1917, and who had not given up such service prior to August 31, 1919, be and they hereby are altered and amended so as to provide a rate to such customers, for such service, of \$ .0035 per month for each watt of connected load, with a minimum charge of \$1.50 per month for each air heating service connected; it being understood, however, that the minimum charge herein provided for shall not be in addition to the said rate of \$ .0035 per month for each watt of connected load; and provided further that no contract need be made for less than six months, use during the heating season September to April or that part of present season remaining under this rate.

IT IS FURTHER ORDERED that said rates shall become effective on the first day of November, 1919, and shall remain in effect pending the determination of the Commission of a reasonable rate to be substituted in lieu thereof.

Said California-Oregon Power Company is hereby authorized, instructed and required to file a tariff in accordance with the terms hereof within fifteen days from and after the service of a copy of this order upon it.

In the matter of the application of the MYRTLE CREEK TELEPHONE EXCHANGE for authority to increase rates. } No. U-F-244

(ORDER ENTERED NOVEMBER 26, 1919—P. S. C. OR. NO. 555)

#### FINDINGS AND ORDER

The applicant herein presented to the Commission its application for a readjustment and advance in its present rates in order that it might obtain sufficient revenue to maintain, operate and extend its service in a manner satisfactory to the company and its patrons.

Due notice of the time and place having been given in writing to the necessary parties in interest, and published in a regular issue of the Myrtle Creek Mail, public hearing in this matter was held before the Commission at Myrtle Creek, Douglas county, Oregon, on the eleventh day of September, 1919, at 1:30 p. m., at which the following appearances were made and entered.

For the applicant: W. V. Hurst.

There were no other appearances, nor did any of the patrons of the company's service attend the hearing.

The Myrtle Creek Telephone Exchange is a public utility as defined in Chapter 279 of the General Laws of Oregon for the year 1911, engaged in the ownership, management, control and operation of a system of telephone lines and equipment for the convenience of the public in general, with its principal place of business at Myrtle Creek, Douglas County, Oregon. As such public utility, the applicant is under the jurisdiction of the Public Service Commission of Oregon.

From the record it appears that the reproduction cost new of the property of the Myrtle Creek Telephone Exchange at the date of hearing September 11, 1919, was \$8,000.00, which amount, due to age, use, deferred maintenance, and general obsolescence of equipment, had been reduced by the depreciation accrued in the amount of \$3,000.00. The reproduction cost lessened by accrued depreciation was \$5,000.00. The applicant maintained that the investment is over \$9,000.00 and has never paid a return.

The patronage of the Myrtle Creek Telephone Exchange consists of an average of from 130 to 135 subscribers paying rates ranging from \$ .42 per month, for switching service only, to \$1.50 per month, for main line business service, maintaining night and day service. In 1918 the company received a total revenue of \$1,339.11 including commissions on the toll business transacted through its exchange with the lines of the other companies. Of this total operating revenue, that from local exchange and switching rental alone amounted to approximately \$1,203.01.

With due weight given the facts before it, the Commission believes that it is unreasonable to expect the owner of this utility to give service with no more compensation than the rates now in force are yielding. It is financially impossible to give reasonably adequate day and night service for such compensation. The applicant has expressed his intention and desire to render more satisfactory service, if he can be assured of sufficient revenue to meet the necessary expenses entailed.

In view of the circumstances surrounding this particular case, it appears that a reasonable instrument rental to be allowed by this utility to subscribers owning their own telephones would be fifteen cents per month.

After careful consideration of the foregoing facts in connection with all others disclosed by the record before it, the Commission finds that the present rates of the applicant herein are unjust, unreasonable, and unjustly discriminatory, and that the rates hereinafter set forth are just, reasonable, and not unjustly discriminatory rates to be imposed, charged and collected in lieu thereof:

#### EXCHANGE RATES

##### *Business Service*

Individual line .....	\$2.00 per month
Two-party line .....	1.75 per month
Ten-party suburban .....	1.75 per month

##### *Residence Service*

Individual line .....	\$1.75 per month
Two-party line .....	1.50 per month
Four to six-party line .....	1.25 per month
Ten-party suburban .....	1.25 per month

The above rates will apply for complete service with equipment owned, operated and maintained by the company.

An additional charge of twenty-five (25) cents per month will be made when a desk or portable instrument is used.

Connecting line switching, \$6.00 per year.

An instrument rental of fifteen cents per month will be allowed to subscribers owning their own telephones.

Connecting line rentals payable quarterly in advance.

Other rates payable monthly in advance.

All contracts or agreements for service to subscriber on connecting lines shall be made only with a duly appointed representative of the connecting line or association, and the line or association shall be responsible for all rentals and charges for service agreed upon.

A charge of ten (10) cents will be collected on all calls between Myrtle Creek and Riddle for five minutes' conversation, or fraction thereof, and five (5) cents for each additional three minutes or fraction thereof.

THEREFORE, The Commission, after full consideration of the record, and being fully advised in the premises:

ORDERS that the applicant, the Myrtle Creek Telephone Exchange, be and the same hereby is authorized to discontinue its present rates and charges for telephone service which have hereinbefore been found unreasonable, and that in lieu thereof shall establish the rates and charges herein set out as just, reasonable, and not unjustly discriminatory.

AND IT IS FURTHER ORDERED that on or before the effective date of this order the Myrtle Creek Telephone Exchange shall file with the Commission a tariff under designation of P. S. C. Or. No. 2, which shall cancel and supersede all existing tariffs and shall include the rates and charges which are herein ordered and such other rates, rules and regulations not in conflict with the spirit of this order, as the company may now have in effect, or find necessary in the conduct of its business.

A reasonable date upon which this order shall take effect is December 1, 1919.

In the matter of the application of the OREGON-WASHINGTON TELEPHONE COMPANY for authority to increase rates. } No. U-F-242

(ORDER ENTERED NOVEMBER 29, 1919—P. S. C. OR. NO. 556)

#### OPINION AND ORDER

Application for increased telephone exchange service rates in Hood River and Odell and for the establishment of a toll charge upon conversations between these exchanges. Hearing held in the city of Hood River on the twenty-fifth day of August, 1919.

#### Appearances

For Oregon-Washington Telephone Company: J. E. Smithson, president; E. T. Busselle, attorney-engineer.

For the subscribers: Several delegates represented Grange organizations and other individual subscribers appeared for themselves.

The Oregon-Washington Telephone Company is a corporation organized and existing under and by virtue of the laws of Oregon. Its principal office is in Hood River, Hood River county, and it is engaged in the ownership, control, management and operation of telephone exchanges in Oregon at Hood River and Odell and a system of telephone lines and equipment devoted to the transaction of a general telephone business in these places and throughout the Hood River valley. Connection is maintained at Hood River with the toll lines of The Pacific Telephone and Telegraph Company by means of which access is had to general long distance service. In such occupation it is a public utility as defined by chapter 279 of the General Laws of Oregon for 1911 and subject to the jurisdiction of the Public Service Commission and to the provisions of the above law, its supplements and amendments.

In addition to its property in Oregon, the company also owns and operates a separate telephone system in the state of Washington with exchanges at White Salmon, Husum, Trout Lake and Goldendale.

On December 31, 1918, obligations outstanding against this entire property and the amounts realized therefrom by the company were as follows:

	Amount Actually Issued and Outstanding	Amount Realized Hereon
First mortgage 6 per cent Gold Bonds .....	\$144,300.00	\$119,620.00
Note 3 years 7 per cent .....	6,000.00	6,000.00
Stock, 7 per cent Cumulative Preferred .....	74,461.00	74,461.00
Stock, Common .....	70,000.00	28,000.00
Total funded debt and Capital Stock .....	\$294,761.00	\$228,081.00

The above information is included as being of interest as an indication of the financial obligations of the utility although the problem confronting this Commission does not necessarily involve the amount of stocks or bonds or the amounts

derived from the sale thereof. It is concerned with the fair value of the property rather than its obligations or ownership.

The actual original cost of the property in Oregon is not of record and the books of the company have not been so kept in the past as to permit the identification thereof.

The income statement of the Oregon business of the company for the calendar year of 1918 with deductions made for all items assignable to the Washington system is as shown herewith:

**INCOME ACCOUNT  
1918**

<i>Operating Revenues</i>	
Exchange revenues .....	\$23,883.89
Toll revenues .....	2,178.42
Miscellaneous revenues .....	1,459.00
	<u>\$27,521.31</u>
<i>Operating Expenses</i>	
Maintenance expenses .....	\$11,182.39
Traffic expenses .....	6,187.86
General expenses .....	3,791.50
	<u>\$21,161.75</u>
Net telephone operating revenue .....	\$ 6,359.56
Taxes .....	1,721.80
	<u>\$ 4,637.76</u>
Operating income .....	73.20
Nonoperating income .....	
	<u>\$ 4,710.96</u>
<i>Deductions from Gross Income</i>	
Interest accrued .....	\$ 5,631.91
Miscellaneous charges to income .....	1,430.60
	<u>\$ 7,062.51</u>
Deficit .....	\$ 2,351.55

This statement taken from the record and the books of the company, in addition to all other actual expenditures and expense accruals for the year, includes as one of the maintenance expenses a charge of \$4,348.24 to Depreciation of Plant and equipment. This amounts to approximately only 3 per cent per annum on the estimated reproduction cost new of the depreciable property including salvage as hereinbefore determined and can not be considered as an adequate provision for the purposes intended. Adequate allowances for depreciation of telephone properties ordinarily are found to approximate 5 per cent of the depreciable items. In this case analysis indicates that a reasonable annual allowance to charge for accruing depreciation upon this property as it existed on July 1, 1919, is \$7,980.00 exclusive of depreciation on items carried through various clearing accounts. This is in round figures 5 per cent of the depreciable property.

From an analysis of the record and the business of the company during the first eight months of 1919 it appears that the results of operations in Oregon exclusive of all items assignable for the Washington business for the entire current year will be approximately as follows:

**INCOME ACCOUNT  
1919**

Estimated on basis of actual operation for first eight months.	
Telephone operating revenues .....	\$29,000.00
Telephone operating expenses .....	27,250.00
	<u>\$ 1,750.00</u>
Net telephone operating revenue .....	
Taxes .....	\$1,759.00
Uncollectible operating revenue .....	200.00
	<u>\$ 1,959.00</u>
Deductions from net operating revenue .....	
	<u>\$ 209.00</u>
Operating loss .....	



The expenses in the above statement have been made to include the total amount of the depreciation allowance found to be adequate for the property as it existed July 1, 1919, and shows that not only are the present rates no more than sufficient to pay reasonable and necessary operating and maintenance expenses but that the net operating income from the property for 1919, after the payment of those expenses, will not be sufficient to pay any return whatsoever upon any value that might be assigned thereto. Interest obligations upon the funded debt of the company actually outstanding require the payment of approximately \$9,078.00 per year.

It is apparent that applicant is entitled to relief.

The value of the company's property in Oregon has never been ascertained. As has been stated no adequate record of the actual original cost of the now installed fixed capital is available. The company has submitted evidence and testimony to show the "reproduction cost new" of the property as it existed January 1, 1918, and the so-called "present value" at that time.

From an analysis of the record we are of the opinion that a fair estimate of the "reproduction cost new" of the bare structure of the property in Oregon as it existed on January 1, 1918, in like kind, in new and usable condition, and under prices representative of those existing prior to 1917, the period in which much of the property was constructed, is as shown herewith for the entire system and for the separate exchanges.

#### REPRODUCTION COST NEW

Property as of January 1, 1918.

	<i>Hood River Exchange</i>	<i>Odell Exchange</i>	<i>Entire System in Ore.</i>
Total fixed capital .....	\$123,310.00	\$36,239.00	\$159,549.00

The reproduction cost new so determined for the property as it existed on January 1, 1918, lessened by depreciation accrued upon it to that date from age, use, obsolescence, inadequacy and all causes may reasonably be considered to be \$126,762.00, as shown in the detail here following:

#### REPRODUCTION COST NEW LESS DEPRECIATION

Property as of January 1, 1918.

	<i>Hood River Exchange</i>	<i>Odell Exchange</i>	<i>Entire System in Ore.</i>
Total .....	\$99,183.00	\$27,579.00	\$126,762.00

Additions and betterments have been added to the property since January 1, 1918, and for the period from that date to July 1, 1919, the amount expended therefor was \$2,372.20 as here detailed.

#### ADDITIONS AND BETTERMENTS

January 1, 1918, to July 1, 1919.

	<i>Hood River Exchange</i>	<i>Odell Exchange</i>	<i>Entire System</i>
Total .....	\$1,229.52	\$1,142.68	\$2,372.20

During the same period of one and one-half years, accruing depreciation has amounted to \$11,882.00, thus diminishing the reproduction cost less depreciation by the net amount of \$9,510.00.

After considering the foregoing statements of the costs of this property and after making allowance for the cost of establishing the business and for sufficient working capital in materials and supplies, and cash or credit to properly and effectively operate the business and maintain adequate service for the public, we now find that the normal fair value thereof for rate making purposes only as of July 1, 1919, was \$108,200.00 for the Hood River Exchange and \$31,800.00 for the Odell Exchange.

The applicant asks that it be authorized to place in effect a new and increased schedule of rates.

## TOLL RATES

In addition to the revision requested for exchange service rates, the applicant asks that it be permitted to discontinue the present toll rates and the switching charge of five cents for subscriber calls between the Upper Valley and Lower Valley districts and to substitute a charge of five cents per call between the Hood River and Odell exchanges. It is against this toll charge that the principal objection of the subscribers is placed.

The situation in the Hood River valley is a peculiar one in that the nature of the business carried on there makes the city of Hood River the distinct trading center to and from which much telephone traffic, especially in the lower valley district, flows. Because of the extent of the valley it is not feasible to serve all inhabitants with one exchange. The Booth hill is a natural physical barrier dividing the community into two geographical divisions. The earlier development of the telephone system, however, was not such as to permit the establishment of the two exchanges, one in each of these geographical divisions. The two exchanges are eight miles apart, but both are located in the lower valley, below the Booth hill, and in consequence there is considerable dissatisfaction among some of the subscribers who must go through the Odell switchboard to transact business in Hood River. Heretofore the company has maintained a toll charge between the natural geographical divisions of its system without regard to the location of exchanges, but now proposes to transfer the toll charges to all calls between the exchanges.

Odell and Hood River are connected by five metallic trunk lines approximately eight miles in length and the traffic developed over these lines has materially overloaded them with the consequent result of frequent service complaints due to delay in obtaining connections. The service may be improved in one of two ways, either by the construction of more circuits and necessary accessory equipment or by reducing the traffic by eliminating the nonessential calls, which can be done with a small charge. The service given from the two exchanges is materially different in quality, one being magneto and the other common battery, yet if free exchange between the two for subscribers in the lower valley district is maintained the Odell subscribers can not on account of their location expect to obtain a rate lower than that paid by Hood River subscribers. We are convinced that the traffic between the Odell and Hood River exchanges is primarily of a business nature and partaken of to greatly varying extent by different subscribers. It appears that, while service is given with the exchanges located as now, the most equitable and economically practical disposition of this matter may be had by giving to Odell subscribers rates sufficiently below those of the Hood River subscribers to compensate for normal differences in type and quality of service and to require those particular subscribers making use of the trunk connections to pay a nominal charge for that privilege sufficient to eliminate unnecessary calls and hold the lines for essential business. This method will eliminate unfair discrimination which would otherwise be produced if all Odell and Hood River subscribers, regardless of whether or not they have occasion to use the trunk connections were required to pay average rates high enough to support the free exchange service.

The proposed tariff of the applicant provides for an extra charge of twenty-five cents per month for desk telephones. We have previously expressed our opinion concerning this feature in our order No. 499 from which we quote as follows:

"The value attached to the use of these conveniences has an important bearing upon the rate to be charged for them. Further, experience shows that the cost of an installed desk or portable set, and the maintenance expense attached thereto, on account of parts broken from falls, worn cords, and other causes not encountered in the use of ordinary equipment, is sufficiently in excess of that for the ordinary wall type instruments to justify a distinction in the service rates for the two types of equipment. Another feature in justification of this charge is the fact that these conveniences are required chiefly by the larger users of telephone service, who are in this manner required to pay slightly higher rates."

As it is quite possible that some subscribers now using desk telephones may not attach this value to the desk service now being used, we do not believe that the establishment of such a rate should work a hardship upon such customers, and will therefore provide the following temporary regulations concerning the change from desk to wall service:

First: Charges for a change in type of telephone (i. e. desk to wall) shall not be assessed by the company on any application entered or made within a period of ninety days from the date of order, or in other words the application when made within the period specified, relieves the patron from liability to pay this charge although the actual physical change does not take place for a longer period—the date of application governs.

Second: Any patron desiring to be relieved from payment of the twenty-five cent differential shall upon proper notice to the company (application for change of phone) within a period of thirty days from date of order be so relieved.

Third: Patrons applying to the company after December 30 for change from desk to wall type instruments shall only be required to pay for the desk type service for the period prior to the date of such application. Charges for fractional parts of the month shall be based upon the actual number of days involved.

From a consideration of the foregoing and in view of the entire record and its present knowledge of the facts therein, the Commission finds that the present rates of the Oregon-Washington Telephone Company in so far as they may differ for the service specified from or conflict with those hereinafter found reasonable are unjust, unreasonable and unjustly discriminatory.

The following schedule of rates, rules and regulations will not produce revenue greater than is justified by the service rendered and is found to be just, reasonable and not unjustly discriminatory for the services specified thereunder.

### HOOD RIVER EXCHANGE

#### CENTRAL ENERGY SERVICE

<i>Business Service</i>	<i>Wall Set</i>	<i>Desk Set</i>
Individual line .....	\$3.75	\$4.00 per month
Two-party line .....	3.25	3.50 per month
Eight-party line, suburban .....	3.00	3.25 per month
Extension same premises—without bell .....	.75	1.00 per month
Extension same premises—with bell .....	.90	1.15 per month
<i>Residence Service</i>		
Individual line .....	\$2.50	\$2.75 per month
Two-party line .....	2.25	2.50 per month
Four-party line .....	1.75	2.00 per month
Eight-party line, suburban .....	2.25	2.50 per month
Extension same premises—without bell .....	.50	.75 per month
Extension same premises—with bell .....	.65	.90 per month

#### *Primary Rate Area*

Within city limits of Hood River. One, two, and four-party line services are not available beyond this area except by special arrangement and the payment of additional mileage charges.

### ODELL EXCHANGE

#### MAGNETO SERVICE

<i>Business Service</i>	<i>Wall Set</i>	<i>Desk Set</i>
Individual line .....	\$3.25	\$3.50 per month
Two-party line .....	2.75	3.00 per month
Rural-party line .....	2.50	2.75 per month
Extension same premises—without bell .....	.75	1.00 per month
Extension same premises—with bell .....	.90	1.15 per month
<i>Residence Service</i>		
Individual line .....	\$2.00	\$2.25 per month
Two-party line .....	1.75	2.00 per month
Four-party line .....	1.50	1.75 per month
Rural party line .....	1.75	2.00 per month
Extension same premises—without bell .....	.50	.75 per month
Extension same premises—with bell .....	.65	.90 per month

#### *Primary Rate Area*

Within one-half mile of the central office. One, two, and four-party line services are not available beyond this area except by special arrangement and the payment of additional mileage charges.

## TOLL SERVICE

Conversations between Hood River and Odell.

First five minutes or fraction .....	\$ .05
Each additional five minutes or fraction .....	.05

## SUPPLEMENTAL RATE SCHEDULE

*Public Pay Station Service*

All calls originating at prepayment public pay stations and intended for subscribers' stations within primary rate area, \$ .05 per call.

All calls originating at prepayment public pay stations and intended for subscribers' stations on suburban lines of the same exchange but beyond the primary rate area, \$ .10 per call.

*Miscellaneous Equipment*

Extension bell, regular .....	\$ .15 per month
Extension bell, special loud ringing .....	.35 per month
Large sized bell with regular equipment—additional .....	.10 per month

*Directory Listings*

Each subscriber is entitled, without additional charge, to one listing in the directory.

When a subscriber is a firm, one additional listing is allowed, provided the person listed is a member of the firm. Extra listings for members of the same firm or family are given at a rate of 25 cents per month.

Residence listings are limited to individual names only except that doctors and dentists are allowed the prefix, "Dr."

In addition to the above rates determined as reasonable for the services therein specified, the company will be allowed to file in the regular manner, and to charge and collect, the service connection and moving charges heretofore authorized by the Commission in its Order No. 532 and to charge such other rates, and enforce such rules and regulations as are contained in the application in so far as they do not conflict with the authority herein contained or with orders, rules and regulations prescribed by the Commission.

It is also found that there is justifiable cause in some particulars for complaint against the service provided by the company. The rates herein found to be reasonable are sufficient to permit the applicant to provide immediate improvement of service especially through its Odell exchange and the authority herein to be granted is under the express provision that in the administration of the rates authorized, the company shall make every reasonable endeavor to eliminate the cause of such complaints to which its attention has already been called.

IT IS NOW, THEREFORE, ORDERED that the Oregon-Washington Telephone Company, under the provisions hereinbefore contained, be and the same hereby is authorized to increase its rates and modify its practices in such manner as has been found to be reasonable.

AND IT IS FURTHER ORDERED that the rates so authorized shall be considered as maximum rates for the services specified and nothing herein shall be construed as preventing the company from filing additional rates, rules and regulations, as occasion may require, for services not so specified provided they do not conflict with the intent of this order or of other orders, rules or regulations of the Commission, and further provided that they do not introduce unjust discriminations between localities, individuals or classes of individuals.

AND IT IS FURTHER ORDERED that immediately upon the establishment of the rates herein authorized, the applicant shall file, according to law and the rules of this Commission, a tariff or tariffs containing the rates so authorized together with all other rates, rules and regulations applicable to the service, and shall cause a copy of that tariff to be posted in a conspicuous place in each of its principal offices where the same may be easily accessible for public reference.

A reasonable time for this order to become effective is December 1, 1919.

In the matter of the rates, charges, rules and regulations  
of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY. } U-F-265  
(Investigation on Commission's own motion.) }

(ORDER ENTERED NOVEMBER 29, 1919—P. S. C. OR. ORDER NO. 557)

This is a proceeding instituted by the Commission on its own motion for the purpose of determining the legality and reasonableness of all the rates and charges, rules and regulations of The Pacific Telephone and Telegraph Company for exchange telephone service within the state of Oregon.

Pursuant to the terms of the order instituting the investigation, which order was served upon all of the principal cities and towns of the state, and copies of which were forwarded to interested parties and to the press generally, the case came on regularly for hearing and investigation before the Commission at its offices, 252 Court House, Portland, on the twenty-seventh day of August, 1919. At this time and place evidence was offered on behalf of the respondent company and others, and arguments were made and briefs submitted upon the legal questions involved. An adjournment was then taken; and, pursuant to the adjournment, and after due notice, the case came on for final hearing at 252 Court House, Portland, on November 12, 1919, when all parties were fully heard.

The following appearances have been entered in the case:

For The Pacific Telephone and Telegraph Company: James T. Shaw, attorney; H. D. Pillsbury, of Pillsbury, Madison & Sutro; and C. H. Carey, of Carey & Kerr, counsel; C. E. Fleager.

For city of Portland: H. M. Tomlinson, assistant city attorney, and J. P. Newell, consulting engineer.

For Oregon State Chamber of Commerce: Veazie, McCourt & Veazie, by John McCourt.

For city of Astoria and city of Warrenton: O. B. Setters, city attorney.

For city of Eugene: O. H. Foster, city attorney.

For city of Albany: Dan Johnston, city attorney.

For city of Corvallis and Corvallis Commercial Club: Jas. S. Stewart and John F. Moore.

For city of Springfield: E. E. Morrison, mayor; E. O. Potter and E. O. Immel, attorneys.

For city of St. Helens and St. Helens Chamber of Commerce: J. W. Day, attorney.

For farmers of southern Columbia county: A. L. Morris and A. H. Tarbell.

For farmers of central Columbia county: R. N. Lovelace.

For Fremont Everett and E. B. Barthrop: W. O. Sims, attorney.

For himself: Edward M. Cousin.

#### *History of the Case*

After an exhaustive and careful investigation, this Commission issued its Order No. 499, effective May 1, 1919, establishing a schedule of telephone exchange rates applicable to the service of the respondent company, which were just, reasonable and sufficient, in the light of the conditions then existing. These rates were immediately adopted, established and put into effect, and so continued until the twenty-ninth day of July, 1919.

By act of Congress signed by the president on July 11, 1919, the possession, control and supervision of the facilities and property of this company were released from Federal control, effective July 31, 1919, with the provision "that the existing toll or exchange telephone rates as established or approved by the Postmaster General, on or prior to June 6, 1919, shall continue in force for a period not to exceed four months after the act takes effect, unless sooner modified or changed by the public authorities, state, municipal or otherwise, having control or jurisdiction of tolls, charges or rates or by contract, or by voluntary reduction."

Substantial raises in the wages of operators and other employees were made on May first and June sixteenth, respectively, the latter of which was retro-active to January 1, 1919. Contending for increased revenue to provide for these increased wages, the company, claiming to act by authority of the Postmaster General, on July 29, 1919, inaugurated and attempted to place in force and effect a schedule of exchange rates similar to or identical with that which formed the basis of the hearing resulting in order No. 499. While the effective date of this tariff was

stated therein as being July 29, 1919, the record discloses that, except as to new business, the rates therein contained were not made effective until August first.

It appearing that the rates contained in such schedule, which is designated as P. S. C. Or. No. 4, were in many instances increases over the rates fixed by order No. 499, and the Commission, believing that sufficient grounds existed to warrant a hearing being had to determine the legality and reasonableness of the rates and charges, rules and regulations contained therein by order under date of August 5, 1919, instituted this investigation.

#### OPINION

It will appear from the foregoing statement that there are, primarily, two distinct matters before us for consideration, namely: (1) what are the legal telephone exchange rates of The Pacific Telephone and Telegraph Company at the present time, and (2) what are reasonable telephone exchange rates for it to apply in the future.

The first question may be disposed of by reference to the opinion of Attorney General George M. Brown, to whom the matter was referred, and from which opinion we quote:

"You are therefore advised that the Burleson rates which are now being charged and collected, were not the existing rates on June 6th, or on July 11, 1919.

"The collection of the May 1st rates for May and June and the formal approval of those rates by the Postmaster General on June 17, 1919, after ample opportunity had been afforded him to go into the question of the reasonableness thereof, completely took from the rates attempted to be established in November, 1918, the last breath of life that said rates ever possessed, if in fact they ever had any vitality.

"In view of what has been said, you are further advised that it is the opinion of this office that the May 1st rates are the lawful telephone exchange rates of The Pacific Telephone and Telegraph Company at the present time in the state of Oregon, and that the so-called Burleson rates, are unlawfully attempted to be charged and collected."

In connection with this matter there has also arisen another legal feature, which, while it does not require our decision at this time, has been of great importance in determining the Commission's course of procedure. At the time of the early hearing herein it was urged that the Commission had and should exercise power of suspension over the so-called Burleson rates. In this connection we quote further from the attorney general's opinion:

"The Public Utility act as originally passed contained no provision authorizing your Commission to suspend rates without the consent of the utility. Chapter 336, General Laws of Oregon for 1919, purporting to confer upon your Commission the power to suspend rates of public utilities other than railroads applies only to such cases where a public utility shall file with your Commission 'any rate or schedule of rates stating or establishing a new rate or schedule of rates or increasing an existing rate or schedule of rates.' After the filing of the so-called Burleson schedule of rates on November 4, 1918, your Commission ordered a hearing to determine what were reasonable rates, and on May 1, 1919, an order was made and entered prescribing rates in most instances lower than the rates set forth in the schedule of rates filed on November 4, 1918. The attempt to put into effect on July 29th, or August 1, 1919, as the case may be, of the Burleson rates without filing a new schedule thereof after your order of May 1, 1919, did not bring The Pacific Telephone and Telegraph Company within the purview of Chapter 336, Laws of 1919, and left your Commission without any power to suspend said rates."

With reference to the power of the Commission to make a rate order retroactive, which has also been in question in connection with this case, it is perhaps sufficient to say that Attorney General George M. Brown has advised that the Commission has no such power.

Having disposed of this matter, we now proceed to a determination of what are reasonable rates for the future.

#### *Reasonable Rates*

In our consideration of what are reasonable rates for the future we are bound to assume at the outset the substantial correctness of our order No. 499,

inasmuch as the same has not been shown to be in error in any material respect. Conditions have not changed sufficiently since the issuance of that order to warrant us in making any radical departure from the conclusions therein set forth. Except for the increases in wages granted by the company, the operating expenses of the company are practically unchanged. The testimony indicates that no appreciable change has occurred in material prices, which will be reflected in maintenance charges as a whole, since our last investigation.

Offsetting the above mentioned wage increases, there have been certain very material and unanticipated revenue increases. The system of toll rates initiated by the Postmaster General in January last had been in effect but a short period prior to the issuance of our May order and it was impossible at that time to forecast, with accuracy, what the result upon the revenues would be. It is apparent that this additional revenue has been derived, to a large extent, not from the imposition of increased charges to the toll business previously handled, but from new business of a different class than that formerly carried, which has been attracted by reason of the new type of rate.

While this investigation deals primarily with exchange rates, nevertheless the revenues and expenses of the toll operations are indissolubly combined with those of the exchange operations and have consequently been considered. And, in view of the effect which any radical change in toll rates may have upon those for exchange service we are compelled at this time also to give consideration to the existing toll rates.

Inasmuch as the toll rates now in effect were established by authority of the Postmaster General, unless some action is taken by this Commission, they will automatically expire on the thirtieth day of November, 1919. While these rates have demonstrated their popularity and have proven to be better adapted to conditions than those previously in effect, and since they will soon automatically expire unless continued by order of this Commission, we believe that the interests of the public require their continuance. Sufficient necessity is therefore found to exist to warrant the Commission in declaring an emergency and issuing an order continuing such rates in effect, and it will be so ordered.

#### *Desk Phones*

It also appears that there has been a larger use of desk telephones than was estimated in our previous order, and as a consequence a greater amount of revenue is being received from this source than was anticipated.

#### *Home Consolidation*

One of the factors which influenced the Commission in making its May order of a temporary nature was the purchase of the properties of the Home Company at Portland, Oregon City, Albany and Corvallis, and the proposed consolidation thereof with the Pacific plant. It was not then, nor is it now, possible to determine what the financial and practical results of this consolidation will be, as it has been completed only since this proceeding was instituted.

The utility's witness admitted that at the present time the operating expenses (including depreciation as charged) and taxes of this newly acquired property would exceed the revenue derived therefrom. Notwithstanding this condition, in the presentation of its case, the company has assumed in every instance that this new property was an integral part of its system, and that it was as much a completely established telephone utility as the remainder of its plant.

While it is apparent that this plant may be advantageously combined with the purchaser's manual system with resulting economy to both company and subscriber, we cannot agree that a plant, however valuable in the future, but as yet with a relatively small and disproportionate amount of attached business, should be considered as an integral part of a well established public utility. Consequently in our calculations of revenue, expenses and plant, the former Home Company property has been excluded.

The Commission, in its order of May first, made an estimate of the revenues and expenses and resulting income under the conditions then existing. We believe that such estimate, modified to adapt it to the existing situation as to increased wages and increased revenue, is the proper one on which to base a comparison of conditions at this time. Such procedure eliminates the abnormalities with which the actual operations of the year 1919 have been filled, and which are reflected throughout the exhibits of the respondent. The cost of the strike and of the

abnormal number of station removals and changes, amounting to not less than \$72,000, though charged against this year's operations, is not a proper inclusion, in its entirety, in an estimate for a normal year's expenses. Further, in accordance with the opinion above stated, the revenues, expenses and plant value of the former Home Company system have been similarly excluded.

#### *Depreciation Reserve*

In our order of May first, the specific requirement was made that "its proper portion of the existing depreciation reserve be segregated to the state of Oregon in a separate account and that hereafter this reserve account for Oregon shall be so kept and reported as to show all details as now and heretofore shown for the entire property." Testimony shows that there had been no compliance with this requirement. The Commission believes that July 1, 1919, was a reasonable date to have begun compliance therewith. The utility should, accordingly, be required to correct its books of record in this respect, and as of the date just specified. It should also be required to furnish the Commission, within sixty days from and after the effective date of this order, a statement showing the total amount of the depreciation reserve for the "entire system" as of June 30, 1919, and the amount assigned to the "state of Oregon" on July 1, 1919, together with the detail of the method of assignment.

This reserve for the state of Oregon on July 1, 1919, should bear the same ratio to the reserve for the "entire system" of the same date, as the total amount of depreciable fixed capital for the state of Oregon on June 30, 1919, bears to the total amount of depreciable fixed capital for the entire system on the same date.

A statement of the method of assignment should also be appended to the depreciation reserve account in the annual report for the year ended December 31, 1919. It is to be understood that the reserve for the "state of Oregon" will be a subaccount of the reserve for the entire system.

#### *Intangible Capital*

Heretofore this utility, in its annual reports, has not included in its "fixed Capital Statement for State of Oregon (Schedule 211-B)", any allowance for intangible capital. The utility should, on December thirty-first of each year, assign to the state of Oregon an equitable amount of its intangible capital and append to its annual report a statement showing the method and detail of such assignment.

#### *Inadequate Billing*

In the past it has not been the practice of this utility to specify, in its monthly billing, the number and kind or class of units of exchange service rendered, making it quite impossible for the customer to check his bill against the service received.

By general rules and regulations heretofore adopted by this Commission, electric, gas and water utilities are required to specify upon their bills to customers all pertinent information regarding the service for which the bill is rendered. This practice will be extended to telephone utilities as rapidly as occasion will permit, and our findings in this case will contain this requirement in so far as the Pacific Company is concerned.

#### *Free Interexchange Service*

In connection with the free interexchange service such as has heretofore been in effect between Eugene and Springfield, Astoria and Warrenton, and a number of other places, which was improperly eliminated by the application of toll charges named in the so-called Burleson rate schedules, it will be sufficient to say that in holding the Burleson rates to be illegal this service will be restored to its former status and be continued as prior to the inauguration of the Burleson rates. As to the service between Astoria and Warrenton and Eugene and Springfield, the record is sufficiently complete to permit us to make a decision at this time. Fostered, no doubt, by their community of interest, the subscribers in Warrenton and Springfield, acting through their respective attorneys, have signified their willingness to pay the rate applicable to the larger exchange and thus receive unlimited service through that exchange rather than to receive a lesser exchange rate and be forced to pay a toll in order to obtain service to the larger civic center. This order will take cognizance of these facts and the rates will be



adjusted accordingly. As to the other municipalities named in order No. 499, the free interchange of service shall remain as it was then established and until this Commission can make a study of each individual case, inasmuch as they were not represented at this hearing.

However, in order to discourage unreasonable and unnecessary use of these facilities, the Commission is willing to permit a limitation of three minutes to be placed on each conversation, with a charge of five cents for each additional three minutes or fraction thereof beyond such initial free period.

#### *Apartment House Rates*

Under the previous tariffs, a service has been sold to apartment houses at wholesale rates, the owner paying for all instruments installed whether in use or not. The company is in this manner assured of a continuous revenue and spared the expense of collection, while the owner receives service, if all instruments are in use, for about two-thirds of the regular rate. We see no reason why the company should continue such a practice if not mutually agreeable. Consequently, it will be permitted to apply the regular rates to these subscribers in the future.

Instruments once installed in an apartment house, however, should not be removed without the consent of the owner so long as the rental is paid for their use in the intercommunicating system between apartments.

Where exchange service is discontinued by the apartment house management, and application is made by the tenant for residence service within ten days thereafter, no service connection charge shall be made.

#### *Measured Service*

The Commission is not yet convinced that the establishment of a measured business service, especially in the city of Portland, is not essential to a final and equitable solution of the utility's rate problems. To this end we are desirous of obtaining all the available data relating to this feature, but as yet the company has shown no disposition to comply with the suggestions of our May order, and has neglected to furnish any information whatever bearing upon measured service or the practicability of its adoption here. It is imperative that the company prepare, for submission to us in the future, sufficient data to enable us to form an opinion in this matter.

#### *Service*

Familiarity with the recent history of the operations of The Pacific Telephone and Telegraph Company, up to and including the final hearing and the record made therein, discloses that the company officials have deliberately, or otherwise, apparently disregarded the public interest and by their arbitrary methods aroused, on the part of their patrons, the rate payers, a spirit of antagonism or resentment that, beyond reasonable doubt, has materially and adversely affected their revenues. This Commission will not countenance a continuance of the deplorable conditions that have heretofore and are now existing as regards the service afforded.

#### *Conclusion*

In conclusion, we find that the general situation presented is but little different from that existing at the time of the issuance of our order No. 499, and the same reasons which prompted the Commission in making that order temporary should have a like effect upon any order issued now. At that time the Commission fixed such a schedule of rates as it considered just, reasonable and proper in the light of the conditions then existing. Consequently, only such alterations in conditions or advances in expenses as have occurred since May 1, 1919, will be considered here.

We find that the company is now confronted with an annual increase in operating expenses occasioned by recent wage increases, over and above that estimated in our previous order. Offsetting this increased expense there have been unanticipated revenue increases from toll and other sources.

After considering these estimated increases, with the advances in operating expenses, and making a reasonable allowance for the anticipated revenue to be realized, it becomes necessary to adjust the rates of the utility in such a manner

as to produce the needed revenue, making due allowance for the public welfare, and in such manner as to occasion the least disturbance to normality that is possible under the circumstances.

It was under the pretense of meeting this deficiency that the so-called Burleson rates which were arbitrary, unreasonable and excessive and without warrant of law, were initiated and it is our opinion that a far lower rate schedule will provide all revenue necessary to meet every probable exigency that may face the utility during the life of this order.

The company, in advocating its cases, is generally, if not exclusively, interested in the presentation of statements of revenues and expenses, while the value of the service to the patron, his ability to pay, and the service afforded for the rate received or requested is apparently of very minor importance to the company officials, inasmuch as these latter items are seldom, if ever, mentioned.

This Commission naturally concedes the relevancy and importance of a financial showing, but certainly not to the exclusion from our consideration of the general service conditions, and other circumstances surrounding the case, and in this order we must, in fairness and equity to the company's patrons, emphatically reaffirm that the adequacy of the service bears a direct and important relationship to the reasonableness of the rate.

This Commission has no intention of denying relief when with all elements pertinent to a final conclusion in consideration it can be conclusively shown that additional revenue is necessary, and in the rates hereinafter fixed a full allowance has been made to meet the increased wages to operators and other employees, and enable the company to maintain full and adequate service.

#### FINDINGS

From a full consideration of the foregoing opinion, and of the entire record herein, including the record in our case U-F-243, which has, with the consent of all parties concerned, been considered and made a part of this record, the Commission makes the following findings:

1. That the exchange telephone rates, rules, practices and regulations set out in the tariff designated as P. S. C. Or. Order No. 4 of The Pacific Telephone and Telegraph Company, and hereinbefore referred to as the Burleson rates, are illegal, arbitrary, unreasonable, unjust and without warrant of law.

2. That the legal telephone exchange rates applicable to the operations of the properties of the said The Pacific Telephone and Telegraph Company within the state of Oregon on and subsequent to May 1, 1919, at all times up to and including the effective date of this order, are those rates set out and prescribed in this Commission's order No. 499.

3. That any and all excess moneys collected over and above said rates hereinabove found to be the legal rates should be forthwith credited to the accounts of the respective subscribers.

4. That just, reasonable and sufficient telephone exchange rates to be charged, imposed and collected and rules, practices and regulations to be used, followed and observed by the said The Pacific Telephone and Telegraph Company in the state of Oregon in the future are such rates, rules, practices and regulations, as are prescribed and set out in said order No. 499 of this Commission, except such as are hereinafter changed or modified and specifically set out.

#### GROUPING OF STATIONS

After consideration of the size and relative characteristics of each, the Commission has determined for the present upon the following division of exchanges now in service as a basis for the application of the rate schedules to be established:

Group 1.—Portland.

Group 2.—Albany, Astoria, Baker, Eugene, Pendleton, Salem, The Dalles.

Group 3.—Ashland, Bend, Corvallis, Cottage Grove, Grants Pass, Heppner, Klamath Falls, Milton, Milwaukie, Oak Grove, Oregon City, Prineville, Roseburg, \*Springfield, Tillamook.

Group 4.—Adams, Arlington, Athena, Austin, Bay City, Boardman, Bourne, Burlington, Canyon City, Carlton, Cascade Locks, Clifton, Coburg, Drain, Durkee, Echo, Florence, Goble, Grass Valley, Gwendolin, Harrisburg, Hermiston, Hubbard, Huntington, Ione, Irrigon, Jefferson, Junction City, Knappa, Lapine, Lexington, Madras, Marcola, Moro, Newport, North Plains, Oakland, Peoria, Rainier, Seaside,

\* Springfield will take the same rate as Eugene.

Shaniko, Shedd, Siletz, Stanfield, St. Helens, Sumpter, Svenson, Toledo, Troutdale, Waldo, Warrendale, \*Warrenton, Wasco, Weston, Westport, Whitney, Woodburn.

#### Primary Rate Area

The limits within which service will be available under the primary rates shall for each exchange be as prescribed and established by P. S. C. Or. Order No. 499.

#### BUSINESS SERVICE RATES

The rates for business service in the exchanges listed above other than Warrenton and Springfield shall be the same as those established by P. S. C. Or. Order No. 499. Warrenton will take Astoria rates and Springfield will take Eugene rates.

#### RESIDENCE SERVICE RATES

The rates for residence service in the exchanges listed above shall be as given in the following schedule for the classes of service included therein and for all other classes of service the rates shall be as established by P. S. C. Or. Order No. 499.

#### CLASS OF SERVICE

The following rates are net and are for wall set service. For desk set service the added differential of twenty-five cents per month will apply, as prescribed by P. S. C. Or. Order No. 499.

Exchange	Class of Service			
	Individual Line Per Month	Two-party Line Per Month	Four-party Line Per Month	Ten-party Suburban Per Month
Adams .....	\$2.00	\$1.75	\$1.50	\$.....
Albany .....	2.25	2.00	1.75	.....
Arlington .....	2.00	1.75	1.50	.....
Ashland .....	2.00	1.75	1.50	1.50
Astoria .....	2.25	2.00	1.75	.....
Athens .....	2.00	1.75	1.50	.....
Austin .....	2.00	1.75	1.50	.....
Baker .....	2.50	2.25	1.75	.....
Bay City .....	2.00	1.75	1.50	1.50
Bend .....	2.00	1.75	1.50	1.50
Boardman .....	2.00	1.75	1.50	.....
Bourne .....	2.00	1.75	1.50	.....
Burlington .....	2.00	1.75	1.50	.....
Canyon City .....	2.00	1.75	1.50	1.50
Carlton .....	2.00	1.75	1.50	.....
Cascade Locks .....	2.00	1.75	1.50	.....
Clifton .....	2.00	1.75	1.50	.....
Coburg .....	2.00	1.75	1.50	.....
Covallis .....	2.00	1.75	1.50	1.50
Cottage Grove .....	2.00	1.75	1.50	1.50
Drain .....	2.00	1.75	1.50	.....
Durkee .....	2.00	1.75	1.50	.....
Echo .....	2.00	1.75	1.50	1.50
Eugene .....	2.25	2.00	1.75	.....
Florence .....	2.00	1.75	1.50	1.50
Goble .....	2.00	1.75	1.50	.....
Grants Pass .....	2.00	1.75	1.50	1.50
Grass Valley .....	2.00	1.75	1.50	.....
Gwendolen .....	2.00	1.75	1.50	.....
Harrisburg .....	2.00	1.75	1.50	.....
Heppner .....	2.00	1.75	1.50	.....
Hermiston .....	2.00	1.75	1.50	1.50
Hubbard .....	2.00	1.75	1.50	1.50
Huntington .....	2.00	1.75	1.50	.....
Ione .....	2.00	1.75	1.50	.....
Irrigon .....	2.00	1.75	1.50	.....
Jefferson .....	2.00	1.75	1.50	.....
Junction City .....	2.00	1.75	1.50	.....
Klamath Falls .....	2.00	1.75	1.50	1.50
Knapapa .....	2.00	1.75	1.50	.....
Lapine .....	2.00	1.75	1.50	1.50
Lexington .....	2.00	1.75	1.50	.....
Madras .....	2.00	1.75	1.50	1.50
Marcola .....	2.00	1.75	1.50	.....

\* Warrenton will take the same rate as Astoria.

## APARTMENT HOUSE SERVICE RATES

Central office connection from apartment house may be given under the same rates, terms and conditions as apply to residence service.

## SUPPLEMENTAL RATES, RULES AND REGULATIONS

All other rates, charges, rules and regulations, in so far as they do not conflict with the schedules and provisions hereinbefore set forth, shall be as prescribed and established by P. S. C. Or. Order No. 499.

5. That the said rates and charges prescribed and set out in said order No. 499 of this Commission, as permitted to be modified by the provisions of this order, are equal to and represent the full value of the respective classes of service now being rendered by the said The Pacific Telephone and Telegraph Company within the state of Oregon, and that any increase thereof would exceed the value of the service to the subscribers.

6. That sufficient necessity exists to warrant the Commission in declaring an emergency and issuing an order continuing in effect the existing toll rates of The Pacific Telephone and Telegraph Company now in effect, contained in tariff designated P. S. C. Or. Order No. 104.

7. That the company be required in the future to indicate, on all bills rendered by it to its customers, the period for which service is rendered, the number and kind of units of telephone or telegraph service rendered, as well as the price per unit, in accordance with the tariff provisions.

8. That in connection with the free inter-exchange service of the utility, the company should be permitted, if it so desires, to limit each conversation to a three minute period without charge, with a charge of five cents for each additional three minutes or fraction thereof beyond such initial period.

9. That the respondent company should be required to correct its books of record, as of July 1, 1919, in such a manner as to fully comply with the requirements of order No. 499 of this Commission as to the setting up and keeping of a separate depreciation reserve account, and that within sixty days from and after the effective date hereof a statement should be furnished to the Commission by the respondent showing the total amount of the depreciation reserve for the "entire system" as of June 30, 1919, and the amount assigned to the "state of Oregon" on July 1, 1919, together with the detail of the method of assignment.

10. That a reasonable date for this order to become effective is December 1, 1919.

Now, therefore, based upon the foregoing opinion and findings, and upon the complete record herein IT IS ORDERED that the said The Pacific Telephone and Telegraph Company be and it hereby is required to cease and desist from charging, imposing and collecting the rates hereinbefore in these findings found to be illegal, arbitrary, unreasonable, unjust and without warrant of law, and from following, observing or using any and all of the rules, practices and regulations hereinbefore found to be unjust and unreasonable, and shall substitute in lieu thereof the legal, just and reasonable rates, rules, practices and regulations hereinbefore in these findings set out or prescribed.

IT IS FURTHER ORDERED that any and all excess moneys collected over and above the amounts provided in the schedules of rates hereinbefore found to be legal shall be forthwith credited to the accounts of the respective subscribers.

IT IS FURTHER ORDERED that an emergency be and hereby is declared to exist sufficient to warrant the Commission in continuing in effect the toll rates and charges contained in The Pacific Telephone and Telegraph Company Tariff P. S. C. Order No. 104, and that said toll rates be and hereby are so continued in full force and effect and declared to be the existing legal toll rates until further order of this Commission.

IT IS FURTHER ORDERED that the said The Pacific Telephone and Telegraph Company shall fully comply with all of the requirements hereinbefore in our opinion and findings set out, and in such manner as will meet the full spirit, intent and directions of this order.

IT IS FURTHER ORDERED that this proceeding shall remain open upon the docket of the Commission for such further studies and action as may be required in the future.

That the effective date hereof shall be December 1, 1919.

In the matter of the rates, charges, rules and regulations of THE HOME TELEPHONE AND TELEGRAPH COMPANY of SOUTHERN OREGON. (Investigation on Commission's own motion.) } No. U-F-266

(ORDER ENTERED NOVEMBER 29, 1919—P. S. C. OR. ORDER NO. 558)

#### OPINION AND ORDER

This matter is before the Commission on its own motion to investigate a schedule of rates designated as P. S. C. Or. No. 3, commonly known as the Burleson rates, initiated July 29, 1919, and collected by The Home Telephone and Telegraph Company of Southern Oregon, now and at all times since said last named date.

Pursuant to written notice served on the parties, a hearing was duly held at the city hall in Medford, Oregon, on the eighth day of September, 1919, at 10:00 o'clock in the forenoon, when the following appearances were made:

Gus Newbury, for The Home Telephone and Telegraph Company.

Hon. H. K. Hanna, for subscribers and the town of Jacksonville.

Hon. Fred W. Mears, for subscribers and city of Medford.

Hon. E. H. Hurd, for farmers' lines.

Hon. C. M. Thomas, for Jackson county.

Hon. G. A. Gardner, county judge, Jackson county.

Testimony was taken both on the part of the company and the patrons, and briefs filed, by attorneys making appearances, and the case has been fully submitted.

The Home Telephone and Telegraph Company of Southern Oregon is an Oregon corporation and a public utility which owns and operates a telephone system serving the towns of Medford, Jacksonville, Rogue River, Gold Hill and vicinities, in Jackson county, Oregon. On August 1, 1918, this company passed to the control of the Postmaster General and on August 1, 1919, by resolution of Congress, approved July 11, 1919, control of this system was returned to the company. Prior to the return, however, Postmaster General Burleson, on July 29, 1919, inaugurated a schedule of rates, claiming authority to do so by virtue of the said Congressional Resolution.

This company is one of the numerous constituents of The Pacific Telephone and Telegraph Company, is subservient to the same practices, and has been before the Commission several times in recent years. The orders entered in such proceedings were by reference made a part of the record in this case, and for the purposes of brevity we will refer to such orders and proceedings where necessary by file number. They are dated and numbered as follows: U-F-52, 53 and 54, dated June 3, 1914, and U-F-156, dated May 16, 1916.

The rates, regulations, practices and relations of the several exchanges were definitely fixed in the cases above cited, and were the rates, practices and regulations in force and effect on June 6, 1919, and up to and including the date when the Postmaster General inaugurated the schedule of rates hereinbefore referred to. These new rates and practices were initiated concurrently with those of The Pacific Telephone and Telegraph Company, and were not only a radical increase but were arbitrary, unreasonable, unlawful and without warrant of law, and were initiated under the pretense that the company needed the revenue which would be derived therefrom. The Commission was ignored, avarice brushed aside judgment, and greed dominated law.

Included in the change of rates so inaugurated was a toll charge for interchange of service between Jacksonville and Medford. There is especially good reason for free interchange of service between these two points because of the strong community interests existing and upon which basis the community is built and investments are made. Not only has this relation always existed but it will continue so long as the county seat is at Jacksonville. Both municipalities having this free exchange of service, each should have the same rates were it not for the fact that Jacksonville has a magneto service, which is inferior to the service at Medford, and consequently of less value to the subscribers. The free interchange service should be restored to its former status, except that these free conversations may be reasonably restricted by a nominal charge for all conversation in excess of such free time allowance as may be determined upon.

This Commission has no intention of denying relief when with all elements pertinent to a final conclusion in consideration it can be conclusively shown that additional revenue is necessary, and in the rates hereinafter fixed a full allowance has been made to meet the increased wages to operators and other employees, and enable the company to maintain full and adequate service.

(See section "Opinion", No. 557 supra.)

### FINDINGS

From a full consideration of the foregoing opinion, and of the entire record herein, and being fully advised in the premises, the Commission makes the following findings:

1. That the rates, rules, practices and regulations applicable to telephone exchange service set out in The Home Telephone and Telegraph Company of Southern Oregon tariff designated as P. S. C. Or. No. 3, and hereinbefore referred to as the Burleson rates, are illegal, arbitrary, unreasonable, unjust and without warrant of law.

2. That the legal telephone exchange rates applicable to the operations of the properties of the said The Home Telephone and Telegraph Company of Southern Oregon within the state of Oregon on and subsequent to July 29, 1919, at all times up to and including the effective date of this order, are those rates set out in tariff designated as P. S. C. Or. No. 2 of said company.

3. That any and all excess moneys collected over and above said rates hereinabove found to be the legal rates should be forthwith credited to the accounts of the respective subscribers.

4. That just, reasonable and sufficient rates, rules, practices and regulations to be charged, imposed, collected, used, followed and observed by the said The Home Telephone and Telegraph Company of Southern Oregon in connection with its telephone exchange service in the state of Oregon in the future are such rates, rules, practices, and regulations, as are established and set out in said schedule designated as P. S. C. Or. No. 2 of The Home Telephone and Telegraph Company of Southern Oregon, as the same are or may be changed or modified in the following schedule:

	MEDFORD	Rate Per Month Wall Set	Desk Set
<i>Business—Unlimited Service</i>			
Individual line .....		\$4.00	\$4.25
Two-party line .....		3.50	3.75
Suburban—ten-party line .....		3.25	3.50
Extension—without bell .....		.75	1.00
Extension—with bell .....		.90	1.15
<i>Residence—Unlimited Service</i>			
Individual line .....		\$2.25	\$2.50
Two-party line .....		2.00	2.25
Four-party line .....		1.75	2.00
Suburban—ten-party line .....		1.75	2.00
Extension—without bell .....		.50	.75
Extension—with bell .....		.65	.90
<b>JACKSONVILLE</b>			
<i>Business—Unlimited Service</i>			
Individual line .....		\$3.50	\$3.75
Two-party line .....		3.00	3.25
Suburban—ten-party line .....		3.25	3.50
Extension—without bell .....		.75	1.00
Extension—with bell .....		.90	1.15
<i>Residence—Unlimited Service</i>			
Individual line .....		\$2.00	\$2.25
Two-party line .....		1.75	2.00
Four-party line .....		1.50	1.75
Suburban—ten-party line .....		1.75	2.00
Extension—without bell .....		.50	.75
Extension—with bell .....		.65	.90

5. That the said rates and charges hereinbefore found to be just, reasonable and sufficient are equal to and represent the full value of the respective classes of service now being rendered by the said company within the state of Oregon, and that any increase thereof would exceed the value of the service to the subscribers.

6. That the company should be required in the future to indicate on all bills rendered by it to its customers the period for which service is rendered, the number and kind of units of telephone or telegraph service rendered, as well as the price per unit, in accordance with the tariff provisions.

7. That in connection with the free interexchange service between the Medford and Jacksonville exchanges the utility should be permitted, if it so desires, to limit each conversation to a three minute period without charge, with a charge of five cents for each additional three minutes or fraction thereof beyond such initial period.

8. That a reasonable date for this order to become effective is December 1, 1919.

#### ORDER

Now, therefore, based upon the foregoing opinion and findings, and upon the complete record herein, IT IS ORDERED that the said The Home Telephone and Telegraph Company of Southern Oregon be and it hereby is required to cease and desist from charging, imposing and collecting the rates hereinbefore in these findings found to be illegal, arbitrary, unreasonable, unjust and without warrant of law, and from following, observing or using any and all of the rules, practices and regulations hereinbefore found to be unjust and unreasonable, and shall substitute in lieu thereof the legal, just and reasonable rates, rules, practices and regulations hereinbefore in these findings set out or prescribed.

IT IS FURTHER ORDERED that any and all excess moneys collected over and above the amounts provided in the schedules of rates hereinbefore found to be legal shall be forthwith credited to the accounts of the respective subscribers.

IT IS FURTHER ORDERED that the said The Home Telephone and Telegraph Company of Southern Oregon shall fully comply with each and all of the requirements hereinbefore in our opinion and findings set out, and in such manner as will meet the full spirit, intent and directions of this order.

IT IS FURTHER ORDERED that this proceeding shall remain open upon the docket of the Commission for such further studies and action as may be required in the future.

That the effective date hereof shall be December 1, 1919.

**APPENDIX II**  
**STATISTICS OF RAILROADS AND UTILITIES**  
**PART I—RAILROADS AND OTHER CARRIERS.**  
**PART II—UTILITIES.**



## PART I—RAILROADS

STATISTICS OF STEAM RAILROADS  
For Year Ended December 31, 1919

Name and location of utility	Miles of road operated	Total miles of track, including round- houses	Capital stock outstanding	Funded debt outstanding	Placed capital Dec. 31, 1919
Astoria Southern Railway Company	11.20	12.00	\$ 10,000.00	\$ 350,000.00	\$ 361,507.18
* California & Oregon Coast Railroad Company	14.61	16.29		4,100.00	398,533.12
Carlton & Coast Railroad Company	13.93	16.27	500,000.00	250,000.00	468,379.43
* Clatskanie & Nehalem Railroad	7.84				
Columbia & Nehalem River Railroad	32.00	32.00	500.00	875,000.00	1,432,665.81
Central Railroad of Oregon	16.36	17.47		225,336.82	230,722.81
Great Northern Railway, entire system	8,116.27	11,005.95	249,477,150.00	270,524,015.16	411,023,359.17
Great Northern Railway, in Oregon	9.89	9.89			
Great Southern Railroad Company	40.69	44.32	100,000.00	590,000.00	718,790.64
Mt. Hood Railroad Company	22.20	24.79	250,000.00	500,000.00	410,399.29
Nevada, California, Oregon Ry., entire system	171.29	184.35	2,200,000.00	957,000.00	3,208,312.59
Nevada, California, Oregon Ry., in Oregon	13.94	15.12			
Northern Pacific Railway Co., entire system	6,806.58	10,429.33	248,000,000.00	309,721,500.00	499,822,010.31
Northern Pacific Railway Co., in Oregon	56.73	98.48			
† Northern Pacific Terminal Co. of Oregon	30.13	30.13		2,572,000.00	2,251,800.65
Oregon Pacific & Eastern Railway Company	23.63	27.78	200,250.00	330,000.00	464,805.15
Oregon Short Line Railroad Co., entire system	2,347.59	3,187.83	100,000,000.00	120,779,000.00	120,254,002.05
Oregon Short Line Railroad Co., in Oregon	241.01	284.98			
Oregon Trunk Railroad, entire system	186.91	183.93	10,000,000.00		16,361,606.78
Oregon Trunk Railroad, in Oregon	156.18	172.70			
† O.-W. R. & N. Lines, entire system	2,070.16	2,890.73	50,000,000.00	94,990,140.00	162,361,789.19
† O.-W. R. & N. Lines, in Oregon	198.04	1,217.07			
Pacific & Eastern Railway	32.83	35.82	500,000.00	190,600.00	2,082,569.39
Portland & Oregon City Railway Company	15.85	16.36	107,500.00	110,000.00	380,124.61
Portland & Southwestern Railroad Company	11.00	12.06	360,000.00		674,003.96
* C. A. Smith Lumber & Manufacturing Co.	18.56	18.56		2,749,000.00	1,099,615.15
† Southern Pacific Railroad, entire system	7,024.35	10,566.93	302,024,905.64	167,608,760.00	133,669,587.79
† Southern Pacific Railroad, in Oregon	1,310.15	1,638.32			
† Southern Pacific Railroad, in Oregon	538.27	726.54			
Spokane, Portland & Seattle Ry., entire system	138.12	179.61	40,000,000.00	73,710,000.00	60,439,494.09
Spokane, Portland & Seattle Ry., in Oregon	79.68	97.68	810,000.00	810,000.00	1,881,585.46
Sumpter Valley Railway Company	37.00	41.39	300,000.00		990,706.03
Valley & Siletz Railroad Company	5.40	6.00	1,000,000.00		98,538.51
Willamette Valley & Coast Railroad Company					

## STATISTICS OF STEAM RAILROADS—Continued

Name and location of utility	Operating revenues	Operating expenses	Taxes	Operating income	Surplus or deficit for the year
Astoria Southern Railway Company	\$ 81,347.54	\$ 75,409.23	\$ 2,194.50	\$ 3,718.81	
* California & Oregon Coast Railroad Company	16,398.36	19,139.22			\$ 14,705.34
* Carlton & Coast Railroad Company	9,570.50	24,860.36	736.08	16,028.94	49,116.98
* Clatskanie & Nehalem Railroad					
Columbia & Nehalem River Railroad	357,393.73	412,686.37	9,918.56	234,794.80	11,219.54
Central Railroad of Oregon	39,753.14	13,462.36	3,042.83	2,751.95	2,751.85
Great Northern Railway, entire system	106,533,733.98	86,723,017.39	7,099,644.77	12,696,523.20	13,455,480.60
Great Northern Railway, in Oregon	74,957.02	11,720.86	442.59		
Great Southern Railroad Company	81,782.28	56,996.06	4,377.79	23,358.44	3,747.82
Mt. Hood Railroad Company	95,007.12	89,655.71	4,918.90	432.51	42,609.23
Nevada, California, Oregon Ry., entire system	348,965.64	370,617.35	14,968.22	36,675.90	92,664.44
Northern Pacific Railroad Co., entire system	100,729,353.93	76,179,714.59	7,482,648.54	17,053,050.64	17,279,912.74
Northern Pacific Railway Co., in Oregon	221,403.15	384,942.74	25,797.43		
† Northern Pacific Terminal Co. of Oregon			144,556.83		
Oregon Pacific & Eastern Railway Company	46,043.45	32,573.35	1,465.20	12,004.90	27,213.10
Oregon Short Line Railroad Co., entire system	38,260,580.27	25,098,364.30	2,064,122.53	11,095,532.28	10,949,791.67
Oregon Short Line Railroad Co., in Oregon	1,050,562.04	1,169,401.12	69,250.72		
Oregon Trunk Railroad, entire system	482,134.71	572,367.49	54,900.00	145,317.45	131,585.53
Oregon Trunk Railroad, in Oregon	479,174.49	562,320.00	53,143.20		
† O-W. R. & N. Lines, entire system	28,357,603.16	22,737,662.37	1,560,093.75	4,065,841.00	3,457,594.60
† O-W. R. & N. Lines, in Oregon	18,959,833.20	13,317,354.14	630,479.62		
Pacific & Eastern Railway	3,071.56	6,798.22	2,745.81		
Portland & Oregon City Railway Company	8,595.84	18,517.38		6,472.47	116,944.67
Portland & Southwestern Railroad Company	53,393.76	68,051.98	3,494.75	10,944.16	10,964.16
* S. C. A. Smith Lumber & Manufacturing Co.	21,168.21	43,936.51		19,152.07	13,152.07
† Southern Pacific Railroad, entire system	69,728,931.59	129,448,494.74	6,815,959.62	33,434,940.58	32,785,621.31
† Southern Pacific Railroad, in Oregon	17,481,176.08	15,000,513.68	837,047.17		
Spokane, Portland & Seattle Ry., entire system	7,275,263.65	5,104,439.53	742,000.00	1,428,221.31	1,523,216.07
Spokane, Portland & Seattle Ry., in Oregon	1,904,528.90	1,959,982.39	245,008.40		
Sumpter Valley Railway Company	449,885.60	367,835.84	16,129.30	65,920.46	33,783.08
Valley & Siletz Railroad Company	98,233.87	91,624.39	2,962.74	3,652.74	38,658.12
Willamette Valley & Coast Railroad Company	14,385.05	11,116.94	325.00	2,943.11	1,594.63

Bold faced type indicates deficit.

\* Incomplete report.

† Includes Deschutes Railroad Co.; also water line operations.

‡ Operated on wheelage basis by S. F. Co. and all other statistics included.

§ Includes Beaverton &amp; Willsburg Railroad, Central Pacific Railroad and Oregon &amp; California Railroad; also water operations.

|| Operates Union Station and terminal yards in Portland. Net annual deficit defrayed by tenant companies and its revenue

and operating expenses have been apportioned to and are included in the statistics of the tenant companies above.

|| Includes Beaverton &amp; Willsburg Railroad, Central Pacific Railroad and Oregon &amp; California Railroad and electric lines in Oregon.

## STATISTICS OF ELECTRIC RAILROADS

Name and location of utility	Miles of road operated	Total miles of track, including barns	Capital stock outstanding	Funded debt outstanding	Fixed capital Dec. 31, 1919
Kenton Traction Company	3.20	3.20	\$ 20,000.00		\$ 107,624.76
Oregon Electric Railway Company	156.26	197.88	\$ 2,530,000.00	\$ 2,000,000.00	13,202,498.10
Pacific Power & Light Company, Astoria	5.07	5.56	†	†	145,793.70
Portland Ry., Light & Power Co., entire system	184.45	308.29	21,250,000.00	42,496,000.00	34,189,121.80
Portland & Troutdale Electric Railway Co.	1.50	1.50	19,000.00		20,865.46
• Southern Oregon Traction Company					
Southern Pacific Company	†				
United Railways Company, entire system	29.83	35.68	3,000,000.00	450,000.00	6,257,952.59
Walla Walla Valley Ry. Co., entire system	23.52	27.74	500,000.00	495,000.00	1,014,759.16
Walla Walla Valley Ry. Co., in Oregon	5.61	6.98			
Willamette Valley Southern Railway Co.	31.90	35.62	1,181,500.00	727,500.00	1,922,631.84

## STATISTICS OF ELECTRIC RAILROADS—Continued

Name and location of utility	Operating revenues	Operating expenses	Taxes	Operating income	Surplus or deficit for the year
Kenton Traction Company	\$ 36,216.44	\$ 35,057.18	\$ 225.16	\$ 934.10	\$ 2,530.74
Oregon Electric Railway Company	1,093,140.81	1,162,635.47	79,049.92	148,544.58	214,784.37
Pacific Power & Light Company, Astoria	64,683.90	55,301.11	3,874.64	5,478.15	6,478.15
Portland Ry., Light & Power Co., entire system	5,357,161.85	3,368,408.63	431,373.00	1,037,379.32	829,536.97
Portland & Troutdale Electric Railway Co.	5,146.65	6,907.25	264.76	2,025.38	2,025.38
• Southern Oregon Traction Company					
Southern Pacific Company	†				
United Railways Company, entire system	76,198.48	113,858.48	7,797.15	45,457.48	310,796.04
Walla Walla Valley Ry. Co., entire system	133,122.78	91,059.53	7,346.95	34,714.30	7,899.40
• Walla Walla Valley Railway Co., in Oregon	33,280.69	22,764.88			
Willamette Valley Southern Railway Co.	91,661.62	95,632.32	6,102.42	10,073.12	75,070.44

Bold face type indicates deficit.

• Incomplete report.

† Joint utility—see report under Electric Utilities for joint items marked †.

‡ Included in Steam Railroad Report.

¶ Not reported.

|| Included in Steam Railroad Report—not reported.

## SLEEPING CAR COMPANY

## The Pullman Company

Organized June 15, 1867, under act of general assembly of the State of Illinois as Pullman's Palace Car Company. Name was changed to The Pullman Company under provisions of general laws of Illinois entitled "An act relating to corporations," approved April 10, 1872.

*Nature of Business:* The manufacture of railway equipment (none of which is done in Oregon) and the furnishing to railway companies of sleeping cars fitted with berths and bedding for the accommodation of passengers therein. The latter is the only business done in the State of Oregon.

*Principal Business Office:* Chicago, Illinois.

Under federal operation during the year.

*Principal Officers:* John S. Runnells, President; Richmond Dean, Clive Runnells, Joseph Weaver, Vice Presidents; John F. Kane, Secretary; W. J. Peters, Treasurer, and E. C. Morris, Auditor.

*Principal Federal Officers:* F. S. Taylor, Federal Manager; L. S. Hungerford, General Manager; A. A. Cummins, Federal Treasurer; L. W. Snider, District Superintendent in Oregon, Portland, Oregon.

## ASSETS

Investment in plant and equipment .....	\$161,307,411.37
Miscellaneous physical property .....	6,650.53
Investment in affiliated companies .....	858,740.87
Other investment, stocks and bonds .....	7,218,121.10
Cash .....	11,029,374.81
Loans and bills receivable .....	None
Miscellaneous accounts receivable .....	450,731.79
Material and supplies .....	79,075.54
Other current assets .....	None
Deferred assets .....	38,755,777.10
U. S. Government standard return, less advances .....	13,400,000.00
<b>Total .....</b>	<b>\$233,105,883.11</b>

*Operating Revenues:*

For all lines in or which enter Oregon (state and interstate) .....	\$ 2,401,093.01
Oregon's proportion of same on mileage basis after deducting earnings purely local to other states and proportion of interstate earnings arising from business which did not touch Oregon .....	603,190.93

## LIABILITIES

Capital stock .....	\$120,000,000.00
Audited accounts and wages payable .....	2,357,704.91
Dividends matured and unpaid .....	21,066.00
Unmatured dividends .....	1,590,670.67
Other current liabilities .....	3,760,927.94
U. S. Government deferred liabilities .....	21,449,244.88
Miscellaneous reserves (including insurance) .....	2,294,967.83
Accrued depreciation equipment .....	59,980,240.25
Accrued depreciation other physical property .....	837,221.52
Other unadjusted credits .....	100,000.00
Profit and loss credit balance .....	20,713,849.11
<b>Total .....</b>	<b>\$233,105,883.11</b>

	<i>Entire Line in or Entering Oregon</i>	<i>Oregon's Mileage Proportion</i>
<b>Operating Expenses:</b>		
Salaries and wages paid employees .....	\$ 679,552.62	\$ 221,473.21
Repairs to cars and equipment (partly estimated) .....	494,178.64	161,057.91
Other expenses, including taxes in Oregon .....	550,311.10	188,500.95
<b>Total .....</b>	<b>\$ 1,724,142.36</b>	<b>\$ 571,032.07</b>

Lines in or entering Oregon. Cars required: Standard sleeping cars (not reported); tourist sleeping (record not segregated). Total miles run in Oregon: Standard sleeping cars, 6,738,376; tourist sleepers, 1,968,615. Total in Oregon, 8,706,991 miles.

## American Railway Express Company

### STATISTICS

For Year Ended December 31, 1919

The American Railway Express Company was organized June 22, 1918, under the laws of the state of Delaware, by Adams, American, Southern and Wells Fargo Express Companies for the purpose of carrying on for the director general of railroads the express transportation business under federal control and elsewhere as directed by the director general.

The authorized capital stock of the company is \$40,000,000. The Adams, American, Southern and Wells Fargo transferred to the American Railway Express Company the property owned and used by them, respectively, in conducting their express transportation business in the United States, valued at about \$30,000,000, and \$3,000,000 in cash, making a total of \$33,000,000, for which stock was to be issued upon the approval of the director general of railroads.

On November 18, 1918, the president of the United States formally took possession and assumed control of the system of transportation of the company and of its property, and at the end of the year 1919 is still in possession and is exercising control and operation of the said express transportation system through the director general of railroads.

Capital stock issued to the end of the year 1919 amounted to \$23,155,900. The capital stock contracted for but not issued at the end of the year amounted to \$11,486,209.64, a total of \$34,642,109.64. Funded debt, none.

The following is a statement of financial, operating and other statistics covering the year ending December 31, 1919, for the consolidated company. Investment in real property and equipment at the end of the year 1919 amounted to \$33,284,724.07.

### FINANCIAL STATISTICS

#### Balance Sheet:

#### Assets

Real property and equipment .....	\$ 33,284,724.07
Bonds .....	1,059,500.00
U. S. 4½% certificates of indebtedness .....	12,000,000.00
Certificates of time deposits .....	2,000,243.00
Cash .....	30,210,741.86
Special deposits .....	85,076.50
Loans and notes receivable .....	2,327.82
Traffic balances receivable .....	239,354.75
Net balances receivable from agents and messengers .....	8,483,958.45
Miscellaneous accounts receivable .....	18,579,049.60
Material and supplies .....	1,473,124.02
Interest, dividends and rent receivable .....	126,621.44
Working fund advances .....	36,767.69
Rents and insurance premiums paid in advance .....	345,932.53
Taxes paid in advance .....	67,902.39
Other unadjusted debits .....	199,576.81
<b>Total .....</b>	<b>\$108,194,900.93</b>

*Liabilities*

Capital stock .....	\$ 34,642,109.64
Traffic balances payable .....	223,571.95
Audited accounts and wages unpaid .....	5,983,761.59
Miscellaneous accounts payable .....	5,555,296.89
Express privilege liabilities .....	37,158,558.62
Estimated tax liability .....	1,097,674.65
Other current liabilities .....	4,496,028.45
Other deferred liabilities .....	51,999.47
Operating insurance reserves .....	15,110,813.11
Accrued depreciation, buildings .....	539,830.28
Accrued depreciation, equipment .....	3,240,429.71
Other unadjusted credits .....	94,826.57
<b>Total .....</b>	<b>\$108,194,900.93</b>

*Income Account*

Operating revenues:	
Charges for transportation .....	\$285,905,405.40
Express privileges, Dr. ....	143,429,819.72
Revenue from transportation .....	\$142,475,585.68
Revenue from other operations .....	8,560,310.29
<b>Total operating revenues .....</b>	<b>\$151,035,895.97</b>
Operating expenses .....	174,081,557.13
<b>Net operating revenue .....</b>	<b>\$ 23,045,661.16</b>
Uncollectible revenue .....	45,054.70
Express taxes .....	2,015,229.82
<b>Operating income .....</b>	<b>\$ 25,105,945.68</b>
Other income .....	1,092,704.45
<b>Gross income .....</b>	<b>\$ 24,013,241.23</b>
Total deductions from gross income .....	196,054.99
<b>Net income .....</b>	<b>\$ 24,209,296.22</b>

*Mileage Operated**Miles*

Steam roads, United States .....	235,162.60
Steam roads, Canada and Mexico .....	3,191.62
Electric lines, United States .....	3,500.15
Electric lines, Canada .....	23.60
Steamship and inland steamers .....	35,447.62
Stages .....	906.42
Miscellaneous .....	5.25
<b>Total .....</b>	<b>278,237.26</b>

## PART II—UTILITIES

STATISTICS OF ELECTRIC UTILITIES  
For Year Ended December 31, 1919

Name of utility	Location	Capital stock outstanding	Funded debt outstanding	Fixed capital Dec. 31, 1919	Operating revenues in Oregon
Amity Light & Power Company	Amity	\$ 20,000.00	\$ 6,712.45	\$ 26,382.24	\$ 6,261.15
Atwood Electric Company	Wasco	.....	.....	8,319.69	5,741.60
Aumville Electric Company	Aumville	5,000.00	.....	3,544.95	1,168.76
Bandon Power Company	Bandon	29,833.00	.....	39,500.23	14,991.70
Beaver Improvement Power Company	Beaver	1,250.00	5,000.00	4,350.00	288.89
Bend Water, Light & Power Company	Bend	† 230,000.00	† 100,000.00	256,054.53	69,876.35
Brookings Land & Townsite Company	Brookings	150,000.00	.....	1,976.11	1,984.75
California Oregon Power Company	Rogue River Div.	†10,000,000.00	† 5,600,000.00	† 2,351,662.58	183,102.35
California Oregon Power Company	Klamath Division	.....	.....	443,332.08	104,323.20
Clatskanie Light & Power Company (W. W. Seymour, successor)	Clatskanie	50,000.00	.....	63,166.10	4,281.09
Coast Power Company	Tillamook	50,000.00	50,000.00	146,025.37	55,046.25
Columbia River Light & Power Company	Cascade Locks	50,000.00	5,000.00	56,553.85	4,327.33
Condon Electric Company	Condon	7,600.00	6,055.00	20,120.65	9,976.10
* Consolidated Electric Light Company	John Day	10,000.00	.....	19,000.00	5,408.00
Cottage Grove Electric Light Company	Cottage Grove	50,000.00	15,000.00	61,379.80	18,090.09
* Creswell Electric Light & Power Co.	Creswell	.....	.....	2,332.00	2,332.00
Deschutes Power Company	Prineville	† 293,800.00	.....	290,445.34	55,572.48
Douglas County Light & Water Company	Roseburg	300,000.00	† 529,000.00	880,078.76	61,929.97
Eastern Oregon Light & Power Company	Baker	† 1,841,300.00	† 1,260,000.00	† 3,176,374.10	242,014.94
Electric Light & Power Company	Burns	10,000.00	.....	21,356.60	4,379.92
Enterprise Electric Company	Enterprise	157,500.00	30,000.00	240,217.58	48,715.66
Falls City Electric Light & Power Co.	Falls City	3,000.00	7,000.00	8,409.67	4,548.60
* Florence Electric Company	Florence	10,000.00	.....	10,000.00	1,761.26
Foster Light & Power Company	Foster	.....	.....	.....	280.88
Heppner Light & Water Company	Heppner	24,000.00	.....	68,081.83	23,244.99
Fossil Milling Company	Fossil	13,000.00	.....	13,725.96	2,847.19
Gardiner Light & Power Company	Gardiner	4,762.50	.....	5,000.00	1,930.80
Hermiston Light & Power Company	Hermiston	10,000.00	24,800.00	53,013.53	18,708.62
* Idaho Power Company	Ontario	16,160,600.00	9,299,789.88	24,619,305.22	210,853.17
N. P. Jensen	Lakeview	.....	4,129.87	35,151.13	10,668.47
Keno Power Company	Keno	180,000.00	.....	214,291.91	6,417.20
Lebanon Electric Light & Water Co.	Lebanon	† 25,000.00	.....	66,344.10	18,072.08
Molalla Electric Company	Carby	50,000.00	35,000.00	94,310.10	14,126.77
* Mountain States Power Company	Coos Bay Dist.	†   2,469,700.00	†   2,873,450.00	235,989.32	133,335.91
* Mountain States Power Company	Dallas District	.....	.....	126,150.32	50,301.97

• Mountain States Power Company .....				903,323.62	223,411.85
† North Coast Power Company .....			† 1,174,800.00	201,993.48	44,428.77
North Coast Power Company .....				55,551.58	10,983.34
North Yamhill Electric Light Plant .....			† 5,875,000.00	6,638.60	2,796.60
Northwestern Electric Company .....			† 11,870,300.00	9,983,419.83	1,148,437.70
Oswego Lake Water, Light & Power Co. ....			† 5,000.00	25,054.32	7,385.76
Pacific Power & Light Company .....			† 10,350,000.00	384,876.38	
Pacific Power & Light Company .....					
Pacific Power & Light Company .....				546,433.65	157,925.31
Paisley Electric Light & Power Company ..				147,716.08	
Portland Railway, Light & Power Co. ....			† 25,000,000.00	5,000.00	900.00
Portland Railway, Light & Power Co. ....			† 42,496,000.00	23,604,907.17	2,756,279.80
Portland Railway, Light & Power Co. ....			25,500.00	165,981.01	18,030.20
Pratt-Sturges Milling Company .....				9,416.07	16,621.18
• Scott, Charles .....					13,137.50
Sheridan Light & Power Company .....			22,500.00	67,235.98	13,974.84
Smith Powers Logging Company .....				10,203.32	3,261.00
Stanton Electric Light Company .....			20,000.00	19,901.58	5,206.53
St. Helens Lumber Company .....				30,951.02	18,383.16
Sublimity Light & Power Company .....			† 25,000.00	57,363.40	1,257.84
Sumpter (1st 6 mo.) .....					1,264.01
Sumpter (2d 6 mo.) .....			40,000.00	12,000.00	3,467.58
Sumpter Power & Water Company .....			† 30,000.00	31,328.50	8,137.76
Sutherlin Light & Power Company .....			15,000.00	25,000.00	1,952.46
Tualatin Valley Electric Company .....			100,000.00	105,993.11	12,288.32
• Turner Electric Light & Power Co. ....				24,254.66	2,007.52
Vale Electric Company .....			100,000.00	173,240.88	51,847.62
Williamina Electric Company .....					
Yamhill Electric Company .....				1,373.75	17,099.30
Yamhill Electric Railway & Lumber Co. ....					
• Yaquina Bay Railway & Lumber Co. ....					

Bold face type indicates deficit.

• Incomplete report.

† Items cover joint utility service; for items of other service see report same utility under Gas or Water Utilities.

‡ No allowance for depreciation included in operating expenses.

§ Utility has operations outside this state.

|| Covers property outside of this state.



## STATISTICS OF ELECTRIC UTILITIES—Continued

Name of utility	Location	Operating expenses in Oregon	Taxes in Oregon	Operating income	Surplus or Deficit for year	No. of Customers Dec. 31, 1919
Amity Light & Power Company	Amity	\$ 5,840.64	\$ 155.42	\$ 261.34	\$ 216.07	199
Atwood Lee Company	Wasco	5,263.52	197.97	263.11	263.11	134
Aumsville Electric Company	Aumsville	1,381.54	102.16	314.94	297.44	91
Bandon Power Company	Bandon	17,257.08	552.03	2,976.16	3,490.50	313
* Beaver Improvement Power Company	Beaver	200.00	72.40	16.49	125.49	
Bend Water, Light & Towsite Company	Bend	32,533.94	4,153.41	31,095.46	† 18,715.68	1,537
Brookings Land & Towsite Company	Brookings	1,825.61		159.14	† 283.05	85
California Oregon Power Company	Rogue River Div.	151,776.49	14,340.33	15,190.79	† 42,110.12	4,145
* Clatskanie Light & Power Company (W. W. Seymour, successor)	Klamath Division	47,324.94	3,643.22	52,316.29		1,233
Coast Power Company	Clatskanie	\$ 3,584.26	203.68	493.15	743.21	
Columbia River Light & Power Company	Tillamook	43,557.54	1,370.70	9,232.61	4,842.23	891
Condor Electric Company	Cascade Locks	3,494.86	42.00	772.47	22.97	91
* Consolidated Electric Light Company	Condon	10,370.59	277.95	714.44	1,368.99	218
Cottage Grove Electric Light Company	John Day	4,423.80	183.00	901.20		
Creswell Electric Light & Power Co.	Cottage Grove	21,440.61	799.04	4,299.56	5,717.56	609
Dechutes Power Company	Creswell	3,938.00	128.00			
Douglas County Light & Water Company	Prineville	30,285.34	3,328.19	21,978.95	† 4,816.99	858
Eastern Oregon Light & Power Company	Roseburg	28,965.89	5,111.56	27,581.32	† 12,531.99	1,418
Electric Light & Power Company	Baker	121,187.86	10,763.88	108,308.47	† 21,990.47	4,912
Enterprise Electric Company	Burns	6,797.96	232.90	1,837.88	1,837.88	192
Enterprise Electric Light & Power Co.	Enterprise	28,536.00	3,181.56	16,951.50	197.68	1,269
* Falls City Electric Company	Falls City	4,180.59	146.32	187.14	375.54	152
* Foster Light & Power Company	Florence	1,620.00	196.00			
Hopner Light & Water Company	Foster	29,070.42	495.96	6,351.39	57,813.54	416
Fossil Milling Company	Heppner	2,739.90	90.43			
Fossil Light & Power Company	Fossil	1,200.00	212.35	518.45	401.41	71
Gardiner Light & Power Company	Gardiner	10,684.29	1,252.39	6,225.74	2,185.25	493
Hermiston Light & Power Company	Hermiston	89,263.41	27,988.76	91,478.21	† 149,411.69	285
* Idaho Power Company	Ontario	10,597.07	107.39	283.06	592.92	48
* Keno Power Company	Keno	4,903.91	389.01	1,217.93	292.81	439
Lebanon Electric Light & Water Co.	Lakeview	16,222.81	819.35	905.17	14.03	471
Mellala Electric Company	Lebanon	12,636.81	787.05	76.14	4,584.80	2,793
* Mountain States Power Company	Canby	72,613.67				
* Mountain States Power Company	Coos Bay Dist.	39,861.61				
* Mountain States Power Company	Dallas District	141,124.78				
* North Coast Power Company	Springfield District	24,448.36				
	Hillsboro District	7,180.18				
	Rainier District					
			1,896.35	18,284.06	† 6,036.39	1,259
			466.87	3,387.79		370

North Yamhill Electric Light Plant .....	\$ 2,653.58	67.13	143.02	66.74	122
Northwestern Electric Company .....	563,411.29	95,717.42	483,468.49	82,210.69	12,455
Oswego Lake Water, Light & Power Co. ....	5,883.36	209.21	1,293.13	492.95	501
Pacific Power & Light Company .....	53,185.91	9,480.45	94,371.67	63,536.11	2,949
Pacific Power & Light Company .....					
Paisley Electric Light & Power Company .....	340.00	25.75	234.25	31.75	53
Portland Railway, Light & Power Co. ....	915,750.50	185,623.80	1,636,668.39	110,790.40	46,036
Prairie Power Company .....	13,526.81	931.57	2,889.31	2,566.25	172
Preston-Shaffer Milling Company .....	13,837.41	379.02	2,603.25	2,605.61	330
* Scott, Charles .....	137.50				12
Sheridan Light & Power Company .....	17,334.15	573.43	4,533.34	5,414.59	298
* Smith Powers Logging Company .....	2,325.42		309.88	1,034.89	
Stanton Electric Light Company .....	3,079.39	174.77	1,951.37	47.31	196
St. Helens Lumber Company .....	14,994.42	681.36	2,707.38	2,707.38	365
Sublimity Light & Power Company .....					
Sumpter Power & Water Company .....	1,927.11	121.80	865.97		71
Sumpter Power & Water Company .....	1,991.48	108.89	859.61	1,934.73	68
Sutherlin Light & Power Company .....	3,189.23	486.65	308.40	308.40	
* Tualatin Valley Electric Company .....	4,039.94	238.79	3,859.03	11,595.90	278
* Turner Electric Light & Power Co. ....	7,138.53	305.34	508.59	85.59	75
Vale Electric Company .....	7,389.15	822.73	3,949.77	637.04	344
Williamina Electric Company .....	3,915.05	157.38	2,336.24	2,706.34	771
Yamhill Electric Company .....	32,400.22	2,280.00	16,945.59	7,474.84	1,336
* Yacquina Bay Railway & Lumber Co. ....	23,322.99	1,032.11	7,574.51		522
Total .....					

Hold face type indicates deficit.

\* Incomplete report.

† Items cover joint utility service; for items of other service see report same utility under Gas or Water Utilities.

‡ No allowance for depreciation included in operating expenses.

|| Utility has operations outside this state.

|| Covers property outside of this state.

# THIRTEENTH ANNUAL REPORT OF THE

Name of utility	Location	Capital stock outstanding	Funded debt outstanding	Fixed capital Dec. 31, 1919	Operating revenues
• Ardenwald Water Company	Milwaukee	\$ 1,850.00		\$ 3,624.42	\$ 355.34
• Bar View Water & Light Company	Bar View			2,870.00	141.95
• Bend Water, Light & Power Company	Bend		†	97,339.75	25,346.86
• Brookings Land & Townsite Company	Brookings		†	3,208.38	1,315.43
• California-Oregon Power Company	Klamath Falls		†	190,617.51	30,801.21
• California-Oregon Power Company	Tolo				33.00
• Cascade Water Company	Cascade Locks	1,350.00		1,387.50	729.70
• Cherry Grove Land Company	Cherry Grove	5,000.00		4,000.00	1,061.28
• Citizens Water & Light Company	Halscy	2,600.00		3,940.66	638.61
• M. A. Coffin	Powers		†		1,923.10
• Cold Springs Water Company	Yoncalla			5,000.00	254.00
• Columbia City Water Works	Columbia City			1,218.85	358.05
• Coos Bay Water Company	Marshfield	250,000.00	\$ 90,000.00	371,462.16	51,178.59
• Creswell Water Works	Creswell				1,094.77
• Deschutes Power Company	Prineville	† 3,000.00	†	31,368.82	8,900.80
• Donald Water Company	Donald			3,141.30	320.50
• Douglas County Light & Water Company	Roseburg			74,363.32	24,098.90
• Drain Water Company	Drain	6,000.00	18,000.00	24,000.00	2,230.75
• Gearhart Water Works	Gearhart			7,790.00	817.21
• Gold Beach Water, Light & Power Co.	Gold Beach	3,230.00		3,785.67	2296.72
• Harrisburg Water System	Harrisburg			11,500.00	456.45
• Heppner Light & Water Company	Heppner		†	2,037.12	2,037.12
• Jefferson Water Company	Culver	14,950.00		47,960.88	11,699.85
• Junction City Water Works	Junction City		5,500.00	15,000.00	2,400.50
• Lakeview Water Company	Lakeview			6,506.00	1,469.00
• Lebanon Electric Light & Water Company	Lebanon	71,050.00		71,050.00	8,062.05
• Maplewood Water Company	Maplewood		†	26,256.37	7,171.95
• Mosier Water Service	Mosier				
• Mountain States Power Company	Albany		†	10,370.14	480.98
• Mountain States Power Company	Independence		†	164,009.29	30,083.61
• Mountain States Power Company	Springfield		†	24,385.50	5,317.01
• Moyer Water System	Brownsville		†	30,377.85	7,025.99
• North Coast Power Company	Hillsboro		†		1,876.83
• North Yamhill Water Company	Yamhill			189,822.87	16,696.45
• Old Water System of Canyon City	Canyon City	8,175.00		9,816.14	1,500.74
• Oswego Lake Water, Light & Power Co.	Oswego				1,900.85
• Park Home Water Works	Park Home		†	31,087.84	5,955.24
• Rainier Water Company	Rainier				2,672.50
					114.00

Rakel Water Supply System .....	Canemah .....				638.00
• Reed Water Works, W. P. ....	Gardiner .....				660.05
Rockaway Beach Company .....	Bay City .....	4,000.00			342.10
Rogue River Water Co. of Grants Pass .....	Grants Pass .....	50,000.00			23,161.68
Salem Water, Light & Power Company .....	Salem .....	416,300.00			83,293.76
• Smith-Powers Logging Company .....	Powers .....	†	†	100,000.00	1,923.10
Southwest Slide Water Company .....	Multnomah .....	†	†	198,000.00	5,228.57
Sumpter Power & Water Co. (1st 6 mo.) .....	Sumpter .....	†	†	†	1,121.70
Sumpter Power & Water Co. (2d 6 mo.) .....	Sweet Home .....	†	†	†	1,172.90
• Sweet Home Mountain Water Works Co. ....	Oceanlake Park .....	4,500.00			1,120.00
• Tillamook Bay Company .....	Bay City .....	1,000.00			27.00
• Troutdale Water Works .....	Troutdale .....	†	†	1,000.00	1,716.81
• Tualatin Valley Electric Company .....	Sherwood .....	†	†	4,197.00	465.50
• Tualatin Valley Water Company .....	Hillsboro .....	†	†	7,273.89	1,743.95
• Waldport Water Works .....	Waldport .....	50,000.00		33,500.00	3,119.15
					730.00

Bold face type indicates deficit.

• Incomplete report.

† Joint utility; see report of Electric Utilities for joint items.

§ No allowance for depreciation included in operating expenses.

## STATISTICS OF WATER UTILITIES—Continued

Name of utility	Location	Operating expenses	Taxes	Operating income	Surplus or Deficit for year	No. of Customers Dec. 31, 1919
• Ard-nwald Water Company	Milwaukee	\$ 249.34	\$ 22.52	\$ 32.48		27
• Bar View Water & Light Company	Bar View	68.00		78.95		11
• Bend Water, Light & Power Company	Bend	10,290.25	2,268.60	12,627.01	†	1,299
• Brookings Land & Townsite Company	Brookings	931.20		334.23	†	101
• California-Oregon Power Company	Klamath Falls	25,296.26	1,579.86	3,617.09	†	1,038
• California-Oregon Power Company	Tolo	1,204.00	210.00	1,447.00	†	7
• Cascade Water Company	Cascade Locks	97.95	35.39	596.36	33.64	47
• Cherry Grove Land Company	Cherry Grove	927.08	31.23	102.97	3,173.00	35
• Citizens Water & Light Company	Halsey	485.70	29.62	133.29	123.29	
• M. A. Coffin	Powers	212.71		1,789.74	†	
• Cold Springs Water Company	Yoncalla	222.32	31.68			1
• Columbia City Water Works	Columbia City	268.00	23.00	62.05	62.05	11
• Coos Bay Water Works	Marshfield	29,962.08	4,117.00	17,088.13	6,421.28	1,849
• Creswell Water Works	Creswell	952.68	35.08			
• Deschutes Power Company	Prineville	6,290.79	83.50	1,738.51	†	426
• Donald Water Company	Donald	541.54	23.96	160.00	150.00	11
• Douglas County Light & Water Company	Roseburg	13,242.79	2,044.92	8,736.49	†	1,502
• Drain Water Company	Drain	715.68	124.75	1,087.82	672.18	75
• Gardiner Home Water Works	Gardiner	739.50	45.05	32.66		
• Garhart Park Company	Garhart	634.22		1,512.50		
• Gold Beach Water, Light & Power Co.	Gold Beach	281.53	50.62	134.70	21.40	36
• Harrisburg Water System	Harrisburg	1,954.99	138.76	56.63	56.63	120
• Heppner Light & Water Company	Heppner	6,558.28	282.33	4,741.56	†	326
• Jefferson Water Company	Culver	2,200.00		200.50		65
• Junction City Water Works	Junction City	1,469.00	128.00			81
• Lakeview Water Company	Lakeview	1,134.46	1,294.77	5,632.82		
• Lebanon Electric Light & Water Company	Lebanon	5,429.70	493.62	1,229.63	†	395
• Maplewood Water Company	Maplewood					
• Mosier Water Services	Mosier	305.41	37.22	138.35		
• Mountain States Power Company	Albany	13,984.23	1,467.35	14,480.38	†	1,324
• Mountain States Power Company	Independence	3,840.61	268.67	1,179.96	†	284
• Mountain States Power Company	Springfield	1,796.61	330.67	4,865.13	†	375
• Moyet Water System	Brownsville	1,270.95	95.93			91
• North Coast Power Company	Hillsboro	9,653.32	1,110.42	5,832.79	†	789
• North Yamhill Water Company	Yamhill	786.90	109.98	936.77	364.32	109
• North Yamhill Water Company	Yamhill	611.07	23.98	106.53	†	14
• Oswego Lake System of Canyon City	Canyon City	5,021.07	226.68	707.49	1.52	266
• Oswego Lake Water, Light & Power Co.	Oswego	3,428.90	65.73	817.13		
• Park Home Water Works	Park Home					
• Rainier Water Company	Rainier	180.00				

Rakel Water Supply System .....	220.00	69.00	349.00	65
• Reed Water Works, W. P. ....	127.45		532.60	50
Rockaway Beach Company .....	78.15	20.60	243.06	760
Rogue River Water Co. of Grants Pass .....	14,061.05	3,004.03	6,980.30	5,903.52
Salem Water, Light & Power Company .....	49,471.29	9,462.29	23,422.36	11,166.44
• Smith-Powers Logging Company .....	1,409.54		492.91	5,302
Southwest Side Water Company .....	4,280.70		964.87	202
• Sumpter Power & Water Co. (1st 6 mo.) ..	1,763.39	33.00	838.76	77
• Sumpter Power & Water Co. (2d 6 mo.) ..	1,852.30	140.42	858.57	78
• Sweet Home Mountain Water Works Co. ....	120.00	9.75		10
• Tillamook Bay Company .....	36.95	20.00		95
• Tillamook Public Service Company .....	821.33			
• Troutdale Water Works .....	375.34	45.07	45.09	84
Tualatin Valley Electric Company .....	1,205.59	66.00	472.36	62
• Tualatin Valley Water Company .....	2,846.30	118.11	154.14	
• Waldport Water Works .....	169.00	38.00	4.14	

• Boldface type indicates deficit.

• Incomplete report.

+ Joint utility: see report of Electric Utilities for joint items.

\$ No allowance for depreciation included in operating expenses.

## TELEPHONE UTILITIES

### Coos and Curry Telephone Company

Organized September 15, 1914, under the laws of the state of Oregon.

*Principal Office:* Marshfield, Oregon.

*Principal officers:* President, Charles Hall, Marshfield, Oregon; Vice President, W. J. Phillips, Portland, Oregon; Secretary, Ernest C. Smith, Hood River, Oregon; General Auditor, J. J. Flynn, San Francisco, California; General Manager, Charles Hall, Marshfield, Oregon; General Superintendent of Plant, E. W. Gates, Marshfield, Oregon.

#### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	
Total investment in fixed capital .....	\$ 248,623.50	
Investment securities .....	7,437.18	
Cash and deposits .....	4,041.88	
Employes working fund .....	1,000.00	
Marketable securities .....	249.20	
Bills receivable .....	1,823.12	
Due from subscribers and agents .....	8,567.54	
Miscellaneous accounts receivable .....	1,948.52	
Materials and supplies .....	15,345.26	
Other current assets .....	25.00	
Prepayments .....	244.74	
Unamortized debt discount and expense .....	4,342.02	
Other suspense .....	52.93	

Grand total assets .....\$ 293,700.89

<i>Liabilities</i>	
Capital stock .....	\$ 110,000.00
Funded debt .....	103,000.00
Bills payable .....	20,000.00
Audited vouchers and wages unpaid .....	5,419.58
Subscribers' deposits .....	223.38
Miscellaneous accounts payable .....	621.77
Taxes accrued .....	5,429.04
Other accrued liabilities not due .....	2,800.51
Reserve for accrued depreciation .....	38,730.75
Corporate surplus unappropriated .....	7,475.86

Grand total liabilities .....\$ 293,700.89

<i>Income Statement</i>	
Telephone operating revenues .....	\$ 92,978.73
Telephone operating expenses .....	65,703.35
Net telephone operating revenue .....	\$ 27,275.38
Uncollectible operating revenues .....	780.00
Taxes assignable to operations .....	7,211.96

Operating income .....\$ 19,283.42  
Nonoperating income .....27.30

Gross income .....\$ 19,310.72

Rent deductions for lease of telephone plant .....	\$ 661.84
Rent deductions for telephone office .....	2,055.42
Rent deductions for conduits, poles and other supports .....	360.38
Miscellaneous rent deductions .....	648.08
Interest deductions for funded debt .....	5,837.50
Other interest deductions .....	777.40
Amortization of debt discount and expense .....	386.04

Total deductions from gross income .....\$ 10,726.66

Net income .....\$ 8,584.06  
Amount credited to corporate surplus .....8,584.06

#### *Plant Statistics:*

Number of central offices .....	8
Main stations .....	2,340
P. B. X. stations .....	119
Extension sets .....	126

## Home Independent Telephone Company of La Grande

Organized January 14, 1907, under the laws of the state of Oregon.

Principal Office: La Grande, Oregon.

Principal Officers: President, J. L. Caviness, La Grande, Oregon; Vice President, W. J. Church, La Grande, Oregon; Secretary, S. D. Crowe, La Grande, Oregon; Treasurer, S. D. Crowe, La Grande, Oregon; General Counsel, Colon R. Eberhard, La Grande, Oregon; General Manager, S. D. Crowe, La Grande, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<b>Balance Sheet:</b>	
<b>Assets</b>	
Total investment in fixed capital .....	\$ 258,045.76
Cash and deposits .....	4,204.80
Marketable securities .....	1,200.00
Due from subscribers and agents .....	2,260.69
Material and supplies .....	5,789.42
Sinking fund assets .....	15.55
Unamortized debt discount and expense .....	731.39
Other expense .....	1,032.25
Grand total assets .....	\$ 273,279.86
<b>Liabilities</b>	
Capital stock .....	\$ 79,140.00
Funded debt .....	103,500.00
Miscellaneous accounts payable .....	862.28
Taxes accrued .....	306.65
Other accrued liabilities not due .....	1,331.25
Reserve for accrued depreciation .....	60,576.49
Corporate surplus unappropriated .....	27,568.19
Grand total liabilities .....	\$ 273,279.86
<b>Income Statement</b>	
<b>Telephone Operating Revenue:</b>	
Exchange service revenue .....	\$ 58,753.59
Toll service revenue .....	24,842.71
Miscellaneous operating revenues .....	1,446.56
Total revenues .....	\$ 85,042.86
<b>Telephone Operating Expense:</b>	
Maintenance expenses .....	\$ 24,101.46
Traffic expenses .....	20,010.01
Commercial expenses .....	6,535.93
General and miscellaneous expenses .....	7,491.99
Total expenses .....	\$ 58,139.39
Net telephone operating expenses .....	\$ 26,903.47
Uncollectible operating revenues .....	\$ 158.94
Taxes assignable to operations .....	9,004.19
Deductions from net operating revenues .....	\$ 9,163.13
Nonoperating income .....	\$ 68.88
Gross income .....	\$ 17,809.22
Rent deductions for telephone offices .....	\$ 2,190.00
Rent deductions for conduits, poles and other supports .....	304.30
Rent deductions for instruments and equipment .....	201.00
Interest deductions for funded debt .....	5,221.25
Other interest deductions .....	900.98
Amortization of debt discount and expense .....	103.99
Total deductions from gross income .....	\$ 8,921.52
Net income .....	8,887.70
Amount credited to corporate surplus .....	8,887.70
<b>Plant Statistics:</b>	
Number of central offices .....	6
Main stations .....	2,191
P. B. X. stations .....	144
Extension sets .....	114



## Northwestern Long Distance Telephone Company

Organized April 22, 1916, under the laws of the state of Oregon.

*Principal Office:* Portland, Oregon.

*Principal Officers:* President, F. H. Crosly, San Francisco, California; Secretary, Jay Bowerman, Portland, Oregon; Treasurer, F. H. Crosly, San Francisco, California; General Counsel, Jay Bowerman, Portland, Oregon; H. J. Roake, Auditor.

### FINANCIAL AND GENERAL STATISTICS

#### *Balance Sheet:*

<i>Assets</i>	
Total investment in fixed capital .....	\$ 715,229.43
Investment securities .....	2,460.00
Cash and deposits .....	17,621.35
Employees' working fund .....	619.80
Marketable securities .....	20,306.77
Due from subscribers and agents .....	13,742.37
Miscellaneous accounts receivable .....	1,453.98
Materials and supplies .....	309.67
Prepayments .....	58.29
<b>Grand total .....</b>	<b>\$ 771,802.76</b>

#### *Liabilities*

Capital stock .....	\$ 400,500.00
Funded debt .....	300,000.00
Audited vouchers and wages unpaid .....	11,282.13
Taxes accrued .....	6,867.12
Other accrued liabilities not due .....	8,625.00
Reserve for accrued depreciation .....	62,307.80
Insurance and casualty reserve .....	23.14
Corporate surplus unappropriated .....	(17,802.43)
<b>Grand total .....</b>	<b>\$ 771,802.76</b>

#### *Income Statement*

<i>Telephone Operating Revenues:</i>	
Toll service .....	\$ 152,135.60
<i>Telephone Operating Expenses:</i>	
Maintenance expenses .....	\$ 45,794.55
Traffic expenses .....	66,356.25
Commercial expenses .....	4,012.95
General and miscellaneous expenses .....	18,389.52
<b>Total expenses .....</b>	<b>\$ 134,553.27</b>
<b>Net telephone operating expenses .....</b>	<b>\$ 17,582.33</b>
Uncollectible operating revenues .....	\$ 1,120.50
Taxes assignable to operations .....	7,528.85
<b>Operating income .....</b>	<b>\$ 8,932.98</b>
<b>Nonoperating revenues .....</b>	<b>\$ 595.68</b>
<b>Gross income .....</b>	<b>\$ 9,528.66</b>
Rent deductions for lease of telephone plant .....	159.96
Rent deductions for telephone offices .....	3,146.08
Rent deductions for conduits, poles and other supports .....	603.85
Rent deductions for instruments and equipment .....	32.20
Other interest deductions .....	15,000.00
<b>Net income .....</b>	<b>\$ (9,413.43)</b>
Dividend appropriations of income .....	\$ 10,092.60
<b>Balance to debit of corporate surplus .....</b>	<b>\$ 19,506.03</b>

#### *Plant Statistics:*

Number of central offices in service .....	2
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## The Pacific Telephone & Telegraph Company

Organized December 31, 1906, under the laws of the state of California. This company operates in the states of California, Oregon, Washington and Idaho.

*Principal Office:* San Francisco, California.

Controlled by American Telephone and Telegraph Company through ownership of 72.7 per cent of stock.

*Principal Officers:* President, G. E. McFarland, San Francisco, California; Vice President, H. D. Pillsbury, San Francisco, California; Secretary, T. V. Halsey, San Francisco, California; General Counsel, E. S. Pillsbury, San Francisco, California.

### FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>	
Total investment in fixed capital .....		\$ 98,455,108.79
Construction work in progress .....		314,366.97
Investment securities .....		13,694,783.35
Advances to system corporations for construction .....		1,849,445.88
Miscellaneous investment .....		9,495.72
Cash and deposits .....		826,626.35
Employees' working fund .....		131,104.00
Marketable securities .....		172,110.09
Bills receivable .....		271,558.34
Due from subscribers and agents .....		1,918,851.40
Accounts receivable from system corporations .....		1,132,412.80
Miscellaneous accounts receivable .....		113,330.53
Matured interest and dividends receivable .....		198,469.60
Materials and supplies .....		1,820,864.20
Unmatured interest, dividends, and rents receivable .....		87,114.71
Sinking fund assets .....		287,432.74
Prepayments .....		228,068.27
Unamortized debt discount and expense .....		1,607,960.42
Other suspense .....		268,929.60

Grand total ..... \$123,388,033.76

	<i>Liabilities</i>	
Total stock .....		\$ 50,000,000.00
Funded debt .....		39,737,000.00
Advances from system corporations for construction .....		8,050,000.00
Bills payable .....		100,000.00
Audited vouchers and wages unpaid .....		633,246.09
Subscribers' deposits .....		143,038.00
Accounts payable to system corporations .....		835,079.37
Miscellaneous accounts payable .....		50,400.46
Service billed in advance .....		31,127.83
Taxes accrued .....		752,862.47
Other accrued liabilities not due .....		883,899.94
Reserve for accrued depreciation .....		19,944,199.61
Reserve for amortization of intangible capital .....		18,893.76
Liability on account of provident funds .....		500,000.00
Other deferred credit items .....		6,661.80
Other surplus reserved .....		429,443.90
Corporate surplus unappropriated .....		1,272,180.53

Grand total ..... \$123,388,033.76

#### *Fixed Capital Installed:*

In Oregon ..... \$ 15,504,206.13

#### *Income Statement—Entire System:*

Telephone operating revenues (p. 302) .....	\$ 24,956,472.96
Telephone operating expenses .....	19,153,921.89
Uncollectible operating revenues .....	130,468.46
Taxes assignable to operation (p. 304) .....	1,431,079.83

Operating income ..... \$ 4,241,002.78

Nonoperating income ..... 440,273.94

Gross income .....	\$ 4,681,276.72
Rent deductions for telephone offices .....	200,013.06
Rent deductions for conduits, poles and other supports .....	62,777.55
Miscellaneous rent deductions .....	6,612.73
Interest deductions for funded debt .....	1,990,948.99
Other interest deductions .....	456,524.35
Amortization of debt discount and expense .....	94,815.58
Amortization of landed capital .....	13,818.00
Miscellaneous deductions from income .....	36,559.07
Net income .....	1,819,207.39
Dividend appropriations of income .....	1,920,000.00
Amount transferred to debit .....	(100,792.61)

*Operating Revenues—Entire System:*

Exchange service revenues .....	\$17,518,400.90
Toll service revenues .....	8,086,754.48
Miscellaneous direct revenues .....	433,839.39
Licensee revenue .....	(1,082,521.81)
<b>Total .....</b>	<b>\$24,956,472.96</b>

*Operating Revenues—Oregon:*

Exchange service revenues .....	\$ 2,605,069.22
Toll service revenues .....	917,353.00
Miscellaneous direct revenues .....	71,390.42
Licensee revenue .....	(149,987.81)
<b>Total .....</b>	<b>\$ 3,443,824.83</b>

*Operating Expenses—Entire System:*

Maintenance expenses .....	\$ 8,362,668.60
Traffic expenses .....	7,790,961.64
Commercial expenses .....	2,405,746.93
General expenses .....	594,544.52
<b>Grand total .....</b>	<b>\$ 19,153,921.89</b>

*Operating Expenses—Oregon:*

Maintenance expenses .....	\$ 1,468,188.68
Traffic expenses .....	1,298,357.26
Commercial expenses .....	381,135.68
General expenses .....	90,838.53
<b>Grand total .....</b>	<b>\$ 3,238,520.15</b>

*Taxes Assignable to Operations:*

Entire system .....	\$ 1,431,079.83
In state of Oregon .....	189,171.27

*Plant Statistics—Entire System:*

Number of central offices in service at close of year .....	648
Main stations .....	393,243
P. B. X. stations .....	117,929

*Plant Statistics—Oregon:*

Number of central offices in service at close of year .....	91
Main stations .....	63,403
P. B. X. stations .....	16,176
Extension sets .....	6,413

STATISTICS OF CLASS "C" TELEPHONE COMPANIES  
For Year Ended December 31, 1919

Name of company and location of principal office	Fixed capital Dec. 31, 1919	Capital stock outstanding	Funded debt outstanding	Operating revenues	Operating expenses	Taxes	Operating income	Surplus or deficit for year	No. of sub- scribers
* Corvallis Independent Telephone Co., Portland	\$105,623.28	\$17,950.00		\$ 9,493.05	\$ 7,086.94		\$2,406.11	\$2,406.11	.....
Dallas Independent Telephone Co., Dallas	30,749.63	25,000.00		14,771.74	14,896.52	510.00	454.78	482.98	1,258
Hillsboro Telephone Co., Hillsboro	28,296.70	12,600.00	\$ 9,750.00	14,753.82	11,746.65	676.48	2,330.69	275.92	757
Home Telephone & Telegraph Co., of Southern Oregon, Medford	476,301.27	249,900.00	200,000.00	41,101.65	29,092.78	3,836.28	8,172.59	2,664.16	1,650
Independent Telephone Co., of Forest Grove, Forest Grove	11,019.88								1,001
* Intermountain Telephone Co., Burns	77,429.75	45,275.00	488.82	14,073.45	13,059.43	298.26	715.76	715.76	.....
Interurban Telephone Co., Silverton	31,407.27	12,125.00		19,709.68	20,897.96	2,567.62	3,755.90		.....
Malheur Home Telephone Co., Ontario	98,558.00	44,275.00		12,844.18	12,348.76	335.22	160.20	115.43	720
McMinnville Local & Long Distance Telephone Co., McMinnville	44,897.54	29,600.00		27,085.93	22,236.02	1,080.00	3,769.91		705
* Multnomah & Clackamas Mutual Telephone Co., Gresham	29,848.39	7,275.00		14,276.39	10,024.44	848.68	3,403.27	1,116.72	747
† Nevada, California & Oregon Telegraph & Telephone Co., San Francisco	171,108.11	87,765.00	48,300.00	36,114.64	28,610.09	1,556.25	5,938.30	2,229.12	435
Newberg Telephone Co., Newberg	24,728.72	15,200.00	4,000.00	13,861.01	10,071.88	391.36	3,397.77	2,914.04	887
Oregon-Washington Telephone Co., Hood River	243,178.26	144,461.00	150,300.00	49,819.40	38,032.21	3,257.86	8,529.33	3,252.29	1,255
Union County Telephone Co., Elgin		35,245.00	2,100.00	14,700.00	15,740.00	1,600.00			850

Bold face type indicates deficit.

\* Incomplete report; plant and property sold to The Pacific Telephone and Telegraph Company as of May 31, 1920.

† Long distance connection only at Lakeview; other business outside this state.

‡ No allowance for depreciation included in operating expenses.

STATISTICS OF CLASS "D" TELEPHONE COMPANIES  
For the Year Ending December 31, 1919

Name of company and location of principal office	Fixed capital Dec. 31, 1919	Capital stock outstanding	Operating revenue	Operating expenses	Taxes	Surplus or deficit for year	No. of sub- scribers
Amity Mutual Telephone Co., Amity.....	\$ 8,973.00	\$ 3,375.00	\$ 4,393.83	\$ 4,389.43	\$ 256.23	\$ 251.33	327
Aurora Mutual Telephone Co., Aurora.....	5,340.00	3,975.00	2,847.42	3,279.98	273.00	705.56	184
* Bishop Telephone System, Halfway.....	15,000.00		6,737.36	1,971.00	86.00	4,680.36	27
Butte, Falls & Eagle Point Telephone Co., Eagle Point.....	5,000.00	3,000.00	3,507.24	3,624.78	42.83	160.37	206
Canby Cooperative Telephone Ass'n, Canby.....	3,600.00	3,100.00	2,961.83	2,593.41	410.15	41.73	370
Clatskanie Telephone Co., Clatskanie.....	5,525.00	5,219.29	5,219.29	4,354.12	863.11	102.03	342
Cloverdale Telephone Co., Cloverdale.....	7,500.00	2,000.00	4,166.08	4,136.43	210.80	491.18	294
Ducshutes Mutual Telephone Co., Redmond.....	9,244.99	6,225.00	7,927.67	5,483.65	776.38	717.66	283
Dufur Local & Long Distance Co., Dufur.....	9,297.90		3,515.00	2,886.37	172.26	466.37	313
Estacada Telephone & Telegraph Co., Esta- cada.....	3,800.00	10,000.00	2,637.20	2,256.58	470.31	89.89	406
Haines Telephone Co., Haines.....	8,000.00		3,696.00	4,131.00	51.46	486.46	180
Home Telephone Co. of Condon, Condon.....	6,567.00		5,258.65	4,918.52	111.67	228.46	295
Independence Telephone Co., Independence.....	26,972.88	4,700.00	8,755.13	9,453.76	298.89	997.52	574
Pilot Rock Telephone Co. of Pilot Rock, Pilot Rock.....	16,969.21	7,750.00	12,984.64	11,659.21	84.10	1,221.33	283
Klamath Telephone & Telephone Co., Fort Klamath.....	11,500.00	13,605.59	11,899.75	5,312.20	93.88	5,133.11	80
Lakeview-Pine Creek Electric Co., Lakeview.....	13,000.00	400.00	6,966.47	5,420.11	67.27	1,479.09	261
Lebanon Mutual Telephone Co., Lebanon.....	18,656.29	5,000.00	9,247.52	7,150.67	200.50	786.35	853
* Loyle Telephone Co., Loyle, Wash.....	5,970.30	2,900.00	2,732.57	2,397.37	68.00	267.20	135
* Oregon City & Farmers Independent Tele- phone Co., Oregon City.....							
Panhandle Cooperative Telephone Co., Half- way.....	3,000.00	2,700.00	2,588.32	2,023.47		564.85	
* Parma Telephone Co., Parma, Idaho.....	15,030.34	2,800.00	2,988.37	1,375.07	45.75	1,547.55	148
Pioneer Mutual Telephone Co., Brownsville.....	1,000.00	4,000.00	2,500.00	7,538.22	290.38	671.12	408
Scholls Telephone Co., The Scholls.....	15,000.00	5,460.00	3,092.77	3,599.50	10.00	153.27	331
Sheridan-Williamina Telephone Co., Sheridan.....	10,000.00	5,460.00	3,341.81	3,996.80	313.58	963.87	410
Sherwood Telephone Co., Sherwood.....	10,000.00	3,780.00	6,616.46	6,151.26	128.10	337.07	438
Tigardville Telephone Co., Tigardville.....	11,968.00	2,200.00	2,919.99	3,152.90	84.07	316.98	230
Tillamook County Mutual Telephone Co., Til- lamook.....	4,500.00	4,960.00	4,720.28	4,341.35	298.92	80.01	295
Wheeler Telephone & Telegraph Co., Nehalem.....	15,000.00	4,750.00	8,436.50	7,637.03	285.46	614.01	524
Yamhill County Mutual Telephone Co., Dayton.....	2,500.00	3,420.00	3,420.00	3,048.00	13.98	358.02	114
	1,500.00	2,250.00	5,847.58	5,876.16	326.36	354.93	356

Bold face type indicates deficit. \* Incomplete report.

STATISTICS OF CLASS "F" TELEPHONE COMPANIES  
For the Year Ending December 31, 1919

Name of company and location of principal office	Fixed capital Dec. 31, 1919	Operating revenues	Operating expenses	Taxes	Surplus or deficit for year	No. of sub- scribers
Agency Plains Telephone Co., Madras	\$ 975.00	\$ 229.00	\$ 192.47	\$ 6.80	\$ 29.73	38
Bandon Farmers & Merchants Telephone Co., Bandon	1,200.00	305.90	270.67	31.00	3.63	21
Blachly Deadwood Telephone, Blachly	5,000.00	1,159.34	180.13	31.78	31.78	30
* Cascadia Telephone Line, Cascadia	296.00			4.85		9
Cecil Telephone Co., Cecil		27.00				9
Columbia County Telephone Association, Seappoose	850.00	50.00	35.50	13.50	1.00	52
Deer Creek Valley Telephone Co., Selma	1,300.00	422.77	401.63	17.78	3.36	53
Durkee Telephone Line, Durkee	1,500.00	114.50		2.70	111.80	9
* Elk City Exchange, Elk City	80.00	32.50				26
Farrington Telephone Line, M. D., Wrentham	1,500.00	383.50	299.55	12.65	71.30	30
Flora Telephone Co., Flora	502.75	276.00	280.00	19.20	29.20	34
Green Mountain Telephone Co., Buxton		219.00	362.00			32
Hayhurst Telephone Co., Yoncalla	100.00	8.00	7.00	1.00		8
Heights Telephone Co., Templeton	1,600.00	331.73	397.50	28.04	93.81	26
Laphre & Southern Telephone & Telegraph Co., Silver Lake	4,000.00	111.72	502.75	25.66	416.66	47
Langell Valley Telephone Co., Bonanza	1,800.00	315.50	264.10	51.40		20
Llewellyn Telephone Co., Eugene (Crow Stage)	800.00	190.00	276.00	12.50	112.50	24
Long Creek & Ritter Telephone Co., Ritter	1,242.50	186.15	76.63	18.14	7.63	20
Malheur & Baker Telephone Co., Malheur	1,875.00	406.62	1,277.37	81.27	988.02	10
Moss Telephone Co., Paisley	3,006.00	420.00	860.00	16.32	486.32	60
Mt. Pine Telephone Co., Bend	800.00	161.60	57.10	6.20	88.20	4
Nehalem Telephone Co., Vernonia	1,000.00	303.75	290.10	17.60	3.85	46
Platview Mutual Telephone Co., Platview	450.00	245.26	211.20	5.83	28.23	25
Potter Telephone Line, A. B., Klondike	233.40	72.00	62.00	6.35		5
Promise Mutual Telephone Association, Promise	1,500.00	344.84	285.80	10.36	48.68	32
Quincy-Maygar Telephone Co., Quincy		450.00	380.00	59.00	11.00	73
* Riverdale Telephone Co., Barnes	4,500.00			43.54		30
Rye Valley Telephone Co., Rye Valley	618.35	219.00	221.96	5.12	8.08	25
Sams Valley Telephone Co., Sams Valley	440.00	59.00	37.68	15.34	5.98	27
* Siletz Bay Telephone Co. (reorganized), Taft		345.12	283.66	7.10	54.36	24
South Fork Telephone Co., Dayville	600.00	105.50	159.95	3.57	58.02	37
South Myrtle Telephone Co., Myrtle Creek	240.00	105.00	100.00	2.79	2.21	30
Spring Valley Telephone Co., Bonanza	800.00	191.11	133.00	4.22	13.89	37
Stage Gulch Telephone Line, Pendleton	600.00	120.00	98.90	4.78		8
Sweet Home, Foster & Cascadia Telephone Co., Sweet Home	3,000.00	434.74	434.07	13.87	18.20	72
V. & W. Telephone Co., Vale	652.50	68.60	57.10	16.40	4.90	35
* West Branch & Gable Creek Telephone Co., Mitchell	300.00	30.00				

Bold face type indicates deficit. \* Incomplete report.

STATISTICS OF CLASS "E" TELEPHONE COMPANIES  
For the Year Ending December 31, 1919

Name of company and location of principal office	Fixed capital Dec. 31, 1919	Capital stock outstanding	Operating revenue	Operating expenses	Taxes	Surplus or deficit for year	No. of sub- scribers
Alsea Telephone Co., Alsea	\$ 154.00	\$ 720.00	\$ 1,139.20	\$ 1,058.50	\$ 71.16	\$ .48	112
Applegate Valley Telephone Co., Provoit	5,000.00	1,465.00	1,466.40	1,240.04	59.00	167.36	142
* Blue Mountain Toll Line, Spray	2,000.00		600.00	375.00	8.75	216.25	
Braileford's Telephone Lines, C. A., Prairie City	6,575.00		2,298.00	1,544.22	41.56	712.22	105
Bunting Telephone & Telegraph Co., Lakeview	4,500.00	2,275.00	1,532.74	654.97	34.94	842.83	
Canyonville Telephone Co., Sutherlin	5,428.00		1,361.61	963.05	19.72	378.84	94
* Checco Southern Telephone Co., Harbor	500.00	5,000.00	470.00	470.00	3.60	3.60	68
Columbia Telephone Co., Corbett	6,000.00						41
Columbia County Telephone Ass'n, Scappoose	1,500.00	1,560.00	1,714.30	1,475.44	41.15	197.41	105
Creswell Telephone Co., Creswell	350.00	5,000.00	1,136.00	1,070.01	18.99		33
Damascus Telephone Co., Damascus	1,498.98	1,825.00	1,133.87	1,564.45	77.49	458.07	128
Dayville Canyon Telephone Co., Mt. Vernon	3,600.00		1,095.92	743.80	47.94	104.18	90
Dent Telephone Co., Lakeview	4,200.00	2,390.00	1,328.85	1,218.26	84.52	133.83	57
Dotin-Umpqua Telephone Co., Elkton	1,100.00	1,000.00	1,021.70	1,189.57	31.29	192.16	18
Dreawsey Telephone Co., Dreawsey	10,000.00	1,775.00	1,398.55	999.31	49.47	349.77	95
* Farmers' National Telephone Co., Tumalo	1,500.00		847.95	944.15	53.22	149.52	14
Fossil Telephone Exchange, Fossil	2,387.02	500.00	1,420.20	1,280.89	17.38	121.93	56
Galloway Telephone Co., Heppner	1,554.15	1,600.00	1,912.24	1,430.16	59.28	422.80	143
* Glendale Telephone Co., The, Glendale	5,350.00		1,405.74	1,151.69	27.38	192.12	132
Helix Mutual Telephone Co., Helix	1,800.00	300.00	1,031.00	1,012.00	7.00	19.00	174
Izee Bear Valley Telephone Co., Izee	1,270.00	1,080.00	1,911.00	905.00	42.00	1,264.00	115
Juniper Telephone Co., Hereford	8,000.00		623.37	351.78	25.17	146.42	21
Kenwell Telephone Co., North Bend	2,000.00		586.00	500.00		485.00	65
Lafayette Telephone Co., Lafayette	4,000.00	3,305.00	589.00	666.26		269.48	39
Lake County Telephone & Telegraph Co., Sil- ver Lake	2,000.00		900.00	400.00	172.22	480.00	68
Monroe Telephone Co., Monroe	12,000.00		539.90	2,133.67	45.00	1,638.77	13
Monroe Valley Telephone Co., Mosier	1,500.00		2,324.93	648.55	176.29	2,001.09	112
Mt. Angel Telephone Co., Mt. Angel	2,500.00	1,620.00	1,774.36	1,321.90	42.83	409.63	63
Myrtle Creek Telephone Exchange, Myrtle Creek	6,373.27	4,375.00	2,251.37	1,854.79	52.53	544.00	166
Nehalem Mutual Telephone Co., Mist	5,000.00		1,801.50	2,892.00	30.10	1,690.90	132
North End Telephone Co., Ltd., Troy	3,700.00	3,000.00	1,155.00	903.29	61.26	190.45	78
Philomath Telephone & Telegraph Co., Philo- math	789.95		906.03	316.67	29.04	60.32	100
Pilot Butte Telephone Co., Prineville	1,980.50	1,200.00	580.00	1,280.50		700.50	195
	2,381.85		936.63	838.36	120.31	32.94	230

Santiam Cooperative Telephone Co., Gates.....	450.00	680.00	729.00	729.00	729.00	2.78	2.78	68
Sco Mutual Telephone Co., Selo.....	300.00	.....	1,724.02	1,724.02	1,474.58	15.53	233.91	300
Six Elk Telephone Co., Port Orford.....	2,100.00	.....	756.00	756.00	432.00	10.06	313.94	36
• Smith River Mutual Telephone Co., Reed- port.....	.....	.....	750.00	750.00	496.92	31.88	221.20	51
• Smock & Dalley, Holland.....	1,250.00	.....	563.48	563.48	301.13	22.00	240.35	61
• Southern Curry Telephone Co., Gold Beach.....	5,000.00	.....	.....	.....	.....	.....	.....	63
St. Paul Mutual Telephone Co., St. Paul.....	197.09	3,235.00	617.72	617.72	600.00	21.42	3.70	84
• Sunrise Telephone Co., Airile.....	.....	.....	852.00	852.00	680.00	12.45	159.55	.....
• Tule Lake Telephone Co., Merrill.....	2,000.00	200.00	306.12	306.12	1,890.00	25.00	.....	42
Turner Telephone Co., Turner.....	2,000.00	1,425.00	927.30	927.30	846.53	33.63	47.14	100
Waldport Telephone Co., Waldport.....	2,000.00	1,100.00	800.00	800.00	996.00	30.00	236.00	90
Wasco Southern Telephone Co., Antelope.....	5,000.00	8,284.50	1,200.87	1,200.87	1,146.39	235.05	.....	42
Yamhill Mutual Telephone Co., Yamhill.....	1,609.25	480.00	2,326.83	2,326.83	2,055.41	33.35	.....	314
Yoncalla Telephone Exchange, Yoncalla.....	400.00	.....	850.00	850.00	250.00	3.79	596.21	133

Bold face type indicates deficit. • Incomplete report.



## TELEGRAPH UTILITIES

### Postal Telegraph Company

Organized November 29, 1903, under the laws of the state of Oregon.

*Principal Office:* Portland, Oregon.

*Principal Officers:* President, J. Annand, Portland, Oregon; Vice President, Edward J. Reynolds, New York City; Secretary, A. Ellis, Portland, Oregon; Treasurer, Jos. J. Cardona.

#### FINANCIAL AND GENERAL STATISTICS

##### Balance Sheet:

##### Assets

Plant and equipment .....	\$ 10,000.00
Cash .....	2,759.94
Accounts receivable from customers .....	11,851.74
Miscellaneous accounts receivable .....	20,550.00
Material and supplies .....	286.31
Profit and loss—debit balance .....	64,833.58
<b>Total assets .....</b>	<b>\$ 110,281.57</b>

##### Liabilities

Capital stock .....	\$ 10,000.00
Miscellaneous accounts payable .....	64,781.57
Reserve for accrued depreciation .....	35,500.00
<b>Total liabilities .....</b>	<b>\$ 110,281.57</b>

##### Income Account:

Operating revenues, telegraph and cable .....	\$ 123,457.01
Operating expenses, telegraph and cable .....	121,019.60
Uncollectible operating revenue .....	160.30
Taxes assignable to operations .....	1,718.44
<b>Operating income .....</b>	<b>\$ 558.67</b>

##### Operating statistics:

Number of telegraph offices .....	13
Miles of wire operated .....	7,062.05

### Western Union Telegraph Company

Organized April, 1851, under the laws of the state of New York.

*Principal Office:* 195 Broadway, New York, N. Y.

*Principal Officers:* President, Newcomb Carlton, 195 Broadway, New York City; First Vice President, G. W. E. Atkins, 195 Broadway, New York City; Vice President and General Counsel, Rush Taggart, 195 Broadway, New York City; Vice President in Charge of Commercial Department, J. C. Willaver, 195 Broadway, New York City; Vice President in Charge of Traffic, W. N. Fashbaugh, 195 Broadway, New York City; Vice President in Charge of Plant and Engineering, G. M. York, 195 Broadway, New York City; Vice President and Comptroller, E. Y. Dallagher, 195 Broadway, New York City; Treasurer, Lewis Dresdner, 195 Broadway, New York City; Secretary, A. F. Burlleigh, 195 Broadway, New York City; General Auditor, H. W. Ladd, 195 Broadway, New York City; General Attorney, F. R. Stark, 195 Broadway, New York City; European Representative, Stanley J. Goddard, London, England.

## FINANCIAL AND GENERAL STATISTICS

*Balance Sheet:**Assets*

Plant and equipment to January 1, 1914 .....	\$112,754,298.79
Plant and equipment since December 31, 1913 .....	50,020,695.49
Construction work in progress .....	7,731,716.21
Investment securities .....	11,935,921.64
Long term advances receivable .....	1,180,000.00
Cash .....	6,501,462.25
Special deposits .....	19,118.64
Employees' working funds .....	648,793.25
Marketable securities .....	16,617,687.25
Bills receivable .....	14,870.95
Accounts receivable from customers and agents .....	15,325,696.03
Accounts receivable from system corporations .....	1,463.06
Miscellaneous accounts receivable .....	697,482.13
Materials and supplies .....	4,913,479.08
Unmatured interest, dividends and rents receivable .....	258,687.20
Sinking fund assets .....	423,920.40
Insurance and other reserve fund assets .....	19,923.75
Prepaid rents .....	427,430.14
Prepaid insurance .....	33,122.73
Other prepayments .....	4,137.89
Other deferred debit items .....	451,544.58
<b>Total asset accounts .....</b>	<b>\$229,981,451.46</b>

*Liabilities*

Capital stock .....	\$ 99,786,726.66
Capital stock of subsidiary companies .....	1,781,875.00
Funded debt .....	31,994,000.00
Bills payable .....	7,850,000.00
Audited vouchers and wages unpaid .....	2,309,052.22
Customers' deposits .....	5,459.95
Accounts payable to system corporations .....	11,275.33
Miscellaneous accounts payable .....	8,536,637.49
Matured interest, dividends and rents unpaid .....	64,208.66
Service billed in advance .....	98,906.49
Taxes accrued .....	6,623,745.37
Unmatured interest, dividends and rents payable .....	2,541,978.59
Deferred noninterest bearing liabilities .....	12,998,357.31
Reserve for accrued depreciation .....	16,157,419.71
Reserve for amortization of intangible capital .....	70,602.43
Reserve for doubtful accounts .....	1,327,824.10
Liability for provident funds .....	1,000,000.00
Other deferred credit items .....	3,029,422.92
Profit and loss—credit balance .....	33,793,959.23
<b>Total liability account .....</b>	<b>\$229,981,451.46</b>

*Profit and Loss Account:*

Credits—balance at beginning of year .....	\$ 30,947,549.02
Credits—from income account for year .....	11,285,321.04
Debits—adjustments .....	1,456,438.83
Dividends paid and declared .....	6,982,472.00
To balance sheet at the end of year .....	23,793,959.23
<b>Earnings—This State Only:</b>	
Total intrastate receipts .....	\$ 167,246.00
Total intrastate expenses including taxes .....	160,776.00
<b>Net interstate earnings .....</b>	<b>\$ 6,470.00</b>

*Operating Statistics:*

Number of telegraph offices, entire system .....	25,159
Number of telegraph offices in Oregon .....	247
Miles of wire operated, entire system .....	1,399,616
Miles of wire operated, in Oregon .....	12,087

## GAS UTILITIES

**Eastern Oregon Light & Power Company**  
(BAKER GAS PLANT)

## FINANCIAL AND GENERAL STATISTICS

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

<i>Income Account:</i>	
Operating revenues from gas .....	\$ 6,849.00
Revenue from sale of residuals and by-products .....	1,483.37
	<u>\$ 8,332.37</u>
<i>Operating Expenses:</i>	
Production expenses .....	\$ 6,189.84
Distribution expenses .....	169.51
Utilization expenses .....	298.69
Commercial expenses .....	214.00
General and miscellaneous expenses .....	751.00
Undistributed expenses .....	26.03
Depreciation of plant and equipment .....	800.04
	<u>\$ 8,449.11</u>
Net operating revenue .....	\$ (116.74)
Taxes .....	\$ 300.00
Operating income .....	<u>\$ (416.74)</u>
<i>Coal Gas Plant:</i>	
Gas manufactured .....	3,892,900 cu. ft.
Gas sold .....	3,239,200 cu. ft.
Gas used by utility (47,600 cu. ft.) and unaccounted for .....	653,700 cu. ft.
Percentage of gas manufactured unaccounted for .....	16.8 per cent
Average daily production .....	10,067 cu. ft.
Holder capacity .....	12,000 cu. ft.
Daily generator capacity .....	20,000 cu. ft.
Cost of coal at plant, per 2,000 lb. ton .....	\$8.90
Yield per pound of coal .....	5.33 cu. ft.
Coke produced per ton of coal carbonized .....	1,100 lbs.
Coke used for bench fuel per ton of coal carbonized .....	490 lbs.
Length of mains .....	50,583 ft.
Meters at end of year .....	210
Population of territory served .....	3,000

**Mountain States Power Company**  
(COOS BAY AND EUGENE PLANTS)

## FINANCIAL AND GENERAL STATISTICS

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

## COOS BAY PLANT

<i>Income Account:</i>	
Operating revenues from sale of gas .....	\$ 18,792.08
Gas merchandise and jobbing revenue .....	95.59
Sale of crude oil .....	7,885.07
	<u>\$ 26,772.74</u>
<i>Operating Expenses:</i>	
Production expenses .....	\$ 11,989.49
Transmission expenses .....	108.79
Distribution expenses .....	2,262.88
Utilization expenses .....	93.73
Commercial expenses .....	1,881.70
General and miscellaneous expenses .....	3,880.26
Undistributed expenses .....	305.45
	<u>\$ 20,522.30</u>
Net operating revenue .....	\$ 6,250.44
Taxes .....	\$ 1,622.31
Uncollectible operating revenue .....	93.98
Operating income .....	<u>\$ 4,534.15</u>

*Oil Gas Plant:*

Gas manufactured .....	13,459,700 cu. ft.
Gas sold .....	11,380,001 cu. ft.
Gas unaccounted for .....	2,079,669 cu. ft.
Percentage of gas manufactured unaccounted for .....	15.51 per cent
Average daily production .....	36,870 cu. ft.
Holder capacity .....	280,000 cu. ft.
Daily generator capacity .....	30,000 cu. ft.
Cost of oil at plant, per gallon .....	\$0.0452
Yield per gallon of oil carbonized .....	Not reported
Length of mains .....	93,634.5 ft.
Normal pressure at mains, inches of water .....	4
Meters at end of year .....	574
Population of territory served .....	6,500

## EUGENE PLANT

*Income Account:*

Operating revenues from sale of gas .....	\$ 46,642.99
Gas merchandise and jobbing revenue .....	1,279.88
Miscellaneous, other gas revenues .....	130.60
	<u>\$ 48,053.47</u>

*Operating Expenses:*

Production expenses .....	\$ 30,432.61
Distribution expenses .....	2,711.16
Utilization expenses .....	1,257.02
Commercial expenses .....	3,007.23
General and miscellaneous expenses .....	5,141.46
Undistributed expenses .....	140.26
Depreciation of plant and equipment .....	
	<u>\$ 42,689.74</u>

Net operating revenue ..... \$ 5,363.73

Taxes .....	\$ 2,182.02
Uncollectible operating revenue .....	233.41

Operating income ..... \$ 2,948.30

*Water Gas Plant:*

Gas manufactured .....	34,234,990 cu. ft.
Gas sold .....	32,091,600 cu. ft.
Gas unaccounted for .....	2,300,172 cu. ft.
Percentage of gas manufactured unaccounted for .....	6.7 per cent
Average daily production .....	107,690 cu. ft.
Holder capacity .....	170,000 cu. ft.
Daily generator capacity .....	250,000 cu. ft.
Cost of oil at plant, per gallon .....	\$0.0674
Yield per gallon of oil carbonized .....	210 cu. ft.
Length of mains: Transmission 2936 miles, distribution .....	199,427 ft.
Normal pressure at mains: Springfield 7 lbs., Eugene, in inches of water .....	3.5
Meters at end of year .....	1,818
Population of territory served .....	12,000

**Pacific Power & Light Company**  
(ASTORIA AND PENDLETON GAS PLANTS)

## FINANCIAL AND GENERAL STATISTICS

For general data, see report in electric section of this appendix.  
Fixed capital of gas department not segregated.

## ASTORIA GAS PLANT

*Income Account:*

Operating revenues from sale of gas .....	\$ 38,370.44
Gas merchandise and jobbing revenue .....	1,490.06
	<u>\$ 39,860.50</u>

*Operating Expenses:*

Production expenses .....	\$ 23,308.62
Distribution expenses .....	4,136.30
Utilization expenses .....	441.37
Commercial expenses .....	5,759.52
General and miscellaneous expenses .....	1,972.00
Undistributed expenses .....	511.76
Depreciation of plant and equipment .....	
	<b>\$ 36,129.57</b>

Net operating revenues .....	\$ 3,730.93
Taxes .....	2,384.85
Uncollectible operating revenues .....	210.32

Operating income .....	<b>\$ 1,135.76</b>
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*Oil Gas Plant:*

Gas manufactured .....	26,343,983 cu. ft.
Gas sold .....	24,802,400 cu. ft.
Gas unaccounted for .....	1,541,583 cu. ft.
Percentage of gas manufactured unaccounted for .....	5.8 per cent
Average daily production .....	72,000 cu. ft.
Holder capacity .....	40,000 cu. ft.
Daily generator capacity .....	160,000 cu. ft.
Cost of gas oil per gallon at plant .....	\$0.0140
Yield per gallon of oil carbonized .....	85 cu. ft.
Length of mains .....	60,376 ft.
Normal pressure at mains, inches of water .....	2.75
Meters at end of year .....	1,069
Population of territory served .....	22,000

**PENDLETON GAS PLANT***Income Account:*

Operating revenues from sale of gas .....	\$ 31,513.70
Rent of gas appliances .....	881.94
Sale of residuals and by-products .....	7,393.16
	<b>\$ 39,788.80</b>

*Operating Expenses:*

Production expenses .....	\$ 21,677.94
Distribution expenses .....	2,205.15
Utilization expenses .....	159.95
Commercial expenses .....	2,354.00
General and miscellaneous expenses .....	1,924.85
Undistributed expenses .....	394.28
Depreciation of plant and equipment .....	
	<b>\$ 28,716.17</b>

Net operating revenue .....	<b>\$ 11,072.63</b>
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Taxes .....	\$ 1,939.50
Uncollectible operating revenue .....	155.87

Operating income .....	<b>\$ 8,977.26</b>
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*Coal Gas Plant:*

Gas manufactured .....	17,254,000 cu. ft.
Gas sold .....	16,006,500 cu. ft.
Gas unaccounted for .....	1,247,500 cu. ft.
Percentage of gas manufactured unaccounted for .....	7.2 per cent
Average daily production .....	47,000 cu. ft.
Holder capacity .....	30,000 cu. ft.
Daily generator capacity .....	50,000 cu. ft.
Cost of coal per 2,000 lb. ton delivered at plant .....	\$6.80
Yield per pound of coal .....	5.7 cu. ft.
Coke produced per ton of coal carbonized .....	1,300 lbs.
Coke used for bench fuel per ton of coal carbonized .....	400 lbs.
By-products per ton of coal carbonized: Tar 10 gallons, coke .....	1,300 lbs.
Length of mains .....	56,431 ft.

**Portland Gas & Coke Company**

Organized January 10, 1910, under the laws of the state of Oregon.  
 Controlled by the American Power & Light Company, New York, N. Y.  
 Principal Office: Portland, Oregon.  
 Location of Plants: Gasco Station and Portland.

*Cities and Towns Served:* Portland, Milwaukie, Gladstone, Oregon City, Gresham, Beaverton, Orenco, Hillsboro, Cornelius and Forest Grove, Oregon; Vancouver, Washington.

*Other Corporations Owned:* Northwest Gas & Electric Equipment Company.

*Principal Officers:* President, Guy W. Talbot, Portland, Oregon; Vice President, John A. Laing, Portland, Oregon; Secretary, Geo. F. Nevins, Portland, Oregon; Attorney, John A. Laing, Portland, Oregon; General Manager, Hilmar Papst, Portland, Oregon.

## FINANCIAL AND GENERAL STATISTICS

<i>Balance Sheet:</i>	<i>Assets</i>
Fixed capital installed prior to July 1, 1913 .....	\$ 9,380,243.98
Fixed capital installed since June 30, 1913 .....	2,920,203.00
Construction work in progress .....	240,975.31
Investment securities .....	26,057.67
Cash .....	24,719.85
Notes receivable .....	82.94
Miscellaneous accounts receivable .....	376,558.32
Prepayments .....	6,877.79
Material and supplies .....	167,184.43
Sinking fund assets .....	182,600.00
Unamortized debt, discount and expense .....	242,493.39
Other suspense .....	48,406.35

Total ..... \$13,565,403.03

	<i>Liabilities</i>
Capital stock .....	\$ 5,522,600.00
Funded debt .....	6,630,000.00
Consumers' deposits .....	58,740.75
Notes payable .....	35,000.00
Accounts payable to system utilities .....	411,533.38
Miscellaneous accounts payable .....	160,130.51
Other current liabilities .....	65,299.09
Taxes accrued .....	215,363.55
Other accrued liabilities not due .....	9,938.29
Reserve for accrued depreciation .....	86,273.77
Insurance and casualty reserve .....	25,129.86
Corporate surplus unappropriated .....	345,933.83

Total ..... \$13,565,403.03

<i>Income Account:</i>	
Operating revenues .....	\$ 2,285,933.77
Operating expenses .....	1,145,569.15
Net operating revenue .....	\$ 1,140,364.62
Taxes assignable to operations .....	\$ 154,397.86
Uncollectible operating revenue .....	5,927.49
Total .....	\$ 160,325.35
Operating income .....	\$ 980,039.27
Nonoperating revenues .....	\$ 19,158.29
Nonoperating revenue deductions .....	6,829.73
Nonoperating revenue net .....	\$ 12,328.56
Total gross income .....	\$ 992,367.83
Deductions from gross income .....	\$ 351,606.76
Net income .....	\$ 640,761.07
Dividends on outstanding stock .....	\$ 402,501.15
Transferred to general reserve and depreciation .....	\$ 100,000.00
Miscellaneous deductions from surplus .....	47,769.57
Miscellaneous additions to surplus .....	45,118.15
Surplus for year .....	125,608.50
Surplus at beginning of year .....	210,325.33
Total surplus at end of year .....	\$ 345,933.83

**Oil Gas Plant:**

Gas manufactured .....	2,880,461,000 cu. ft.
Gas sold .....	2,394,745,300 cu. ft.
Gas unaccounted for .....	448,585,533 cu. ft.
Percentage of gas manufactured unaccounted for .....	15.5 per cent
Average daily production .....	7,900,000 cu. ft.
Holder capacity .....	6,061,000 cu. ft.
Cost of gas oil per gallon at plant .....	\$0.01774
Yield per gallon of oil carbonized .....	121 cu. ft.
Generator fuel per thousand cubic feet .....	.58 gals.
Carbon produced per thousand gallons of oil carbonized .....	2,900 lbs.
Length of mains	
High pressure .....	2,523,492 ft.
Low pressure .....	3,127,543 ft.
Meters at end of year .....	69,755
Customers at end of year .....	61,704
Population of territory served .....	475,000

**Portland Railway, Light & Power Company**

(SALEM GAS PLANT)

**FINANCIAL AND GENERAL STATISTICS**

For general data, see electric report.

**Income Statement:**

Operating revenues from gas .....	\$ 38,721.17
Gas merchandise and jobbing revenue .....	751.35
Sale of residuals and by-products .....	8,863.16
<b>Total .....</b>	<b>\$ 48,335.68</b>

**Operating Expenses:**

Production expenses .....	\$ 31,292.72
Transmission expenses .....	126.58
Distribution expenses .....	2,555.55
Utilization expenses .....	634.21
Commercial expenses .....	2,148.73
General and miscellaneous expenses .....	3,925.16
Undistributed expenses .....	353.31
<b>Total .....</b>	<b>\$ 41,036.26</b>

Net operating revenue .....	\$ 7,299.42
Taxes .....	2,561.42
Uncollectible revenue .....	308.11
<b>Operating income .....</b>	<b>\$ 4,429.89</b>

**Coal Gas Plant:**

Total gas generated during year .....	26,074,500 cu. ft.
Daily production .....	71,500 cu. ft.
Holder capacity .....	63,000 cu. ft.
Amount of coal carbonized .....	2,644 tons
Cost of gas or coal per ton delivered at plant .....	\$7.40
Coke produced per ton of coal carbonized .....	1,660 lbs.
Coke used for bench fuel per ton of coal carbonized .....	352 lbs.
Yield per ton of coal .....	4.9 cu. ft.
By-products per ton of coal carbonized .....	9.5 gals.
Population of territory served .....	10,000
Gas used by company .....	95,400 cu. ft.
Gas sold during year .....	21,145,000 cu. ft.
Gas unaccounted for .....	4,929,500 cu. ft.
Percentage unaccounted for .....	18.8 per cent
Gas sales per mile of main .....	\$626,000.00
Gas leakage per mile of main .....	145,000 cu. ft.

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